

The Digital Marketing Imperative

What Small Businesses Need to Know



Business Impact Group, the University of Washington's largest consulting student organization, is dedicated to advancing small business growth. In partnership with the University's Consulting and Business Development Center, we consult women and minority-owned businesses. Our Research Program generates insights for small businesses, while training students on essential skills.

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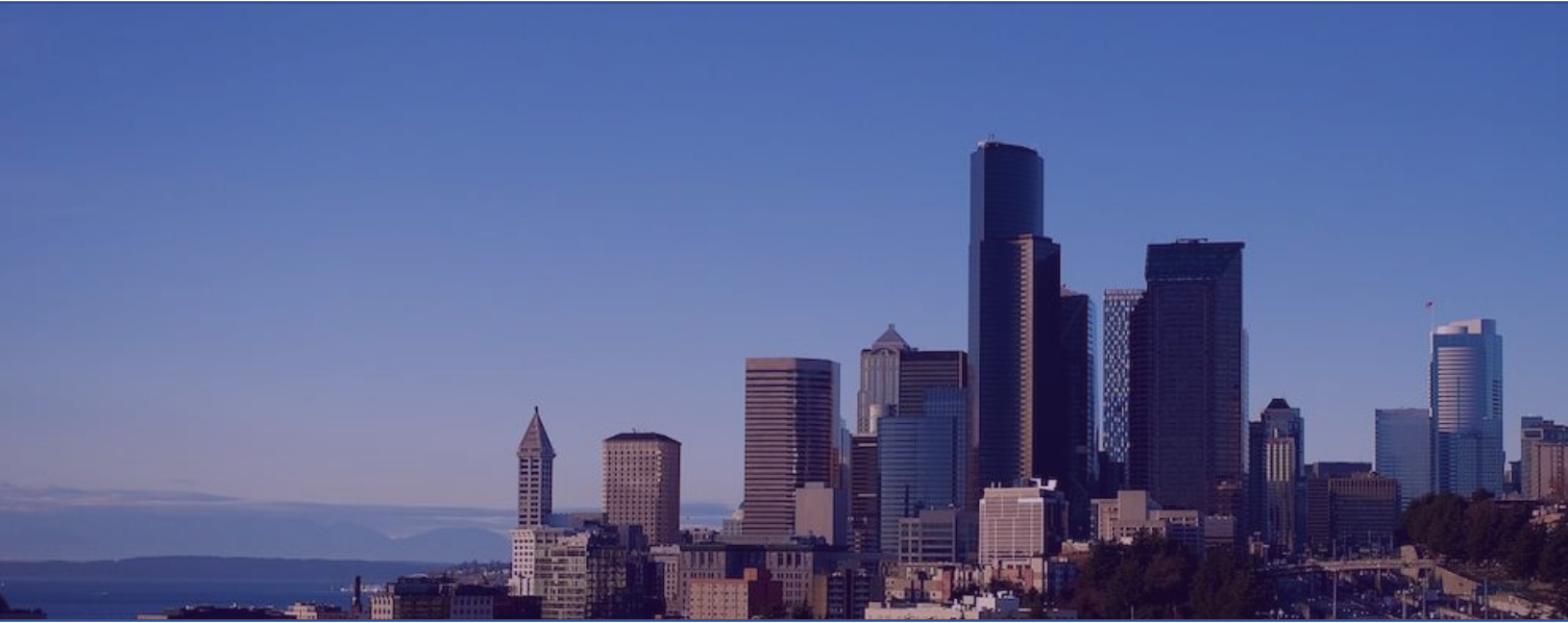
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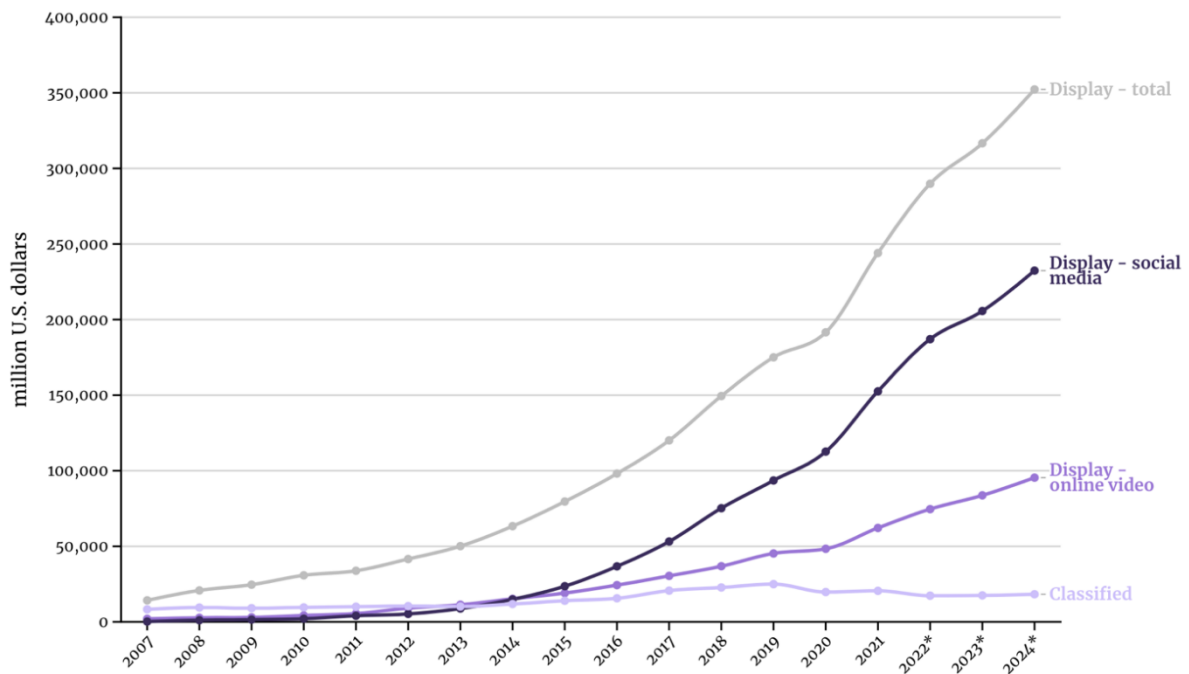
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The Digital Marketing Imperative

The transition to a digital marketplace, or what is colloquially called the dot-com boom, drove major corporations to adapt to new marketing trends by establishing an online presence.

Global internet advertising spending 2007-2024, by format



Source: [Zenith](#)

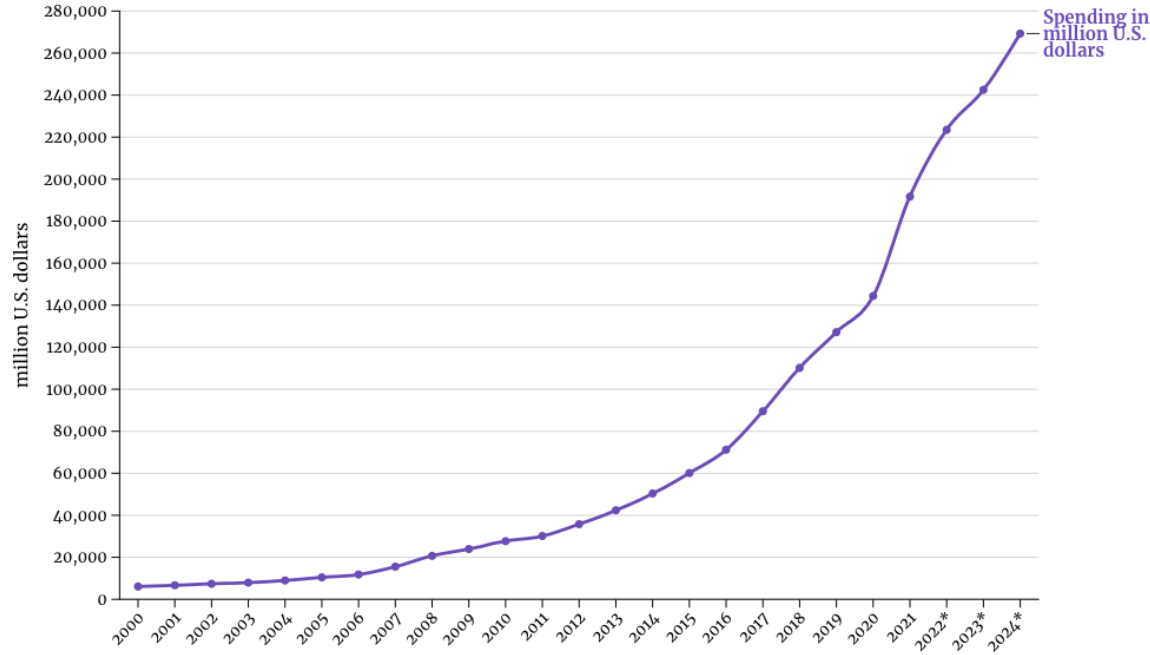
Since then, large corporations have furthered their digital presence through social media, search engine advertising, and consumer advertising through various channels. However, smaller businesses have fallen behind in this race for online

marketing opportunities. Through this report, we hope to aid smaller businesses in digital marketing by giving information on current marketing trends, available tools, and advice. The report will be split into the following segments: Digital Marketing Overview, Advertisements, and Social Media Marketing.

What is Digital Marketing?

Digital marketing is the exercise of marketing using a digital medium, typically involving the usage of a computer or a smart device of some sort¹.

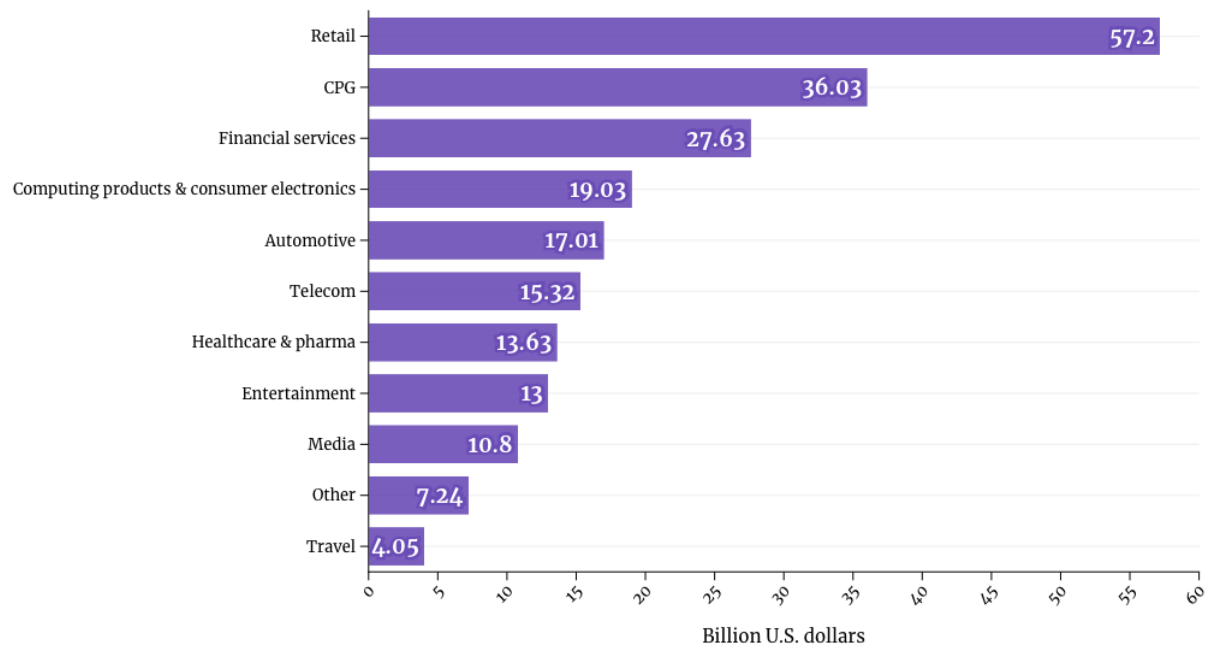
Spending on internet advertising 2000-2024 in North America



Source: Zenith

¹ "What Is Digital Marketing?" American Marketing Association, March 8, 2023. <https://www.ama.org/pages/what-is-digital-marketing/>.

Digital advertising spending in the United States in 2022, by industry (in billion U.S. dollars)



Source: eMarketer

Marketing through this relatively new medium has grown in importance over the past two decades, perhaps even eclipsing traditional marketing methods in recent years. The key distinguishing feature of digital marketing lies in how it allows consumers to interact with advertisements, which by extension allow businesses to gauge and study consumer behavior and practices. The benefits of digital marketing extend beyond just interacting with consumers. It includes measurable increases in ROI, improved targeting, dynamic advertising, and even global outreach in some cases.

While most small businesses are familiar with the standard digital marketing channels like social media and online ads, digital marketing is far from a cookie cutter task: there are a plethora of ways to digitally market, including but not limited to Search Engine Optimization (SEO), Social Media Marketing, Pay-Per-Click (PPC) marketing, search engine advertisements, and content advertising. If properly utilized, businesses can expect transformation at a significantly augmented rate.

A study conducted by Afrina Yasmin, Sadia Tasneem, and Kaniz Fatema, part of the Northern University Bangladesh Department of Business Administration, demonstrates that digital marketing composes approximately 72% of consumer's knowledge about a business and is simultaneously responsible for 52% of engagement with a brand. These figures give insight into the importance of digital

marketing for small businesses, as these low-cost solutions allow for increased revenues at reasonable costs.

Model	R square	F
Stay updated with products or services	.718	122.117
Greater engagement	.516	51.276
Clear information about the products or services	.629	81.254
Easy comparison with others	.639	85.141
24/7 Shopping	.749	142.868
Share content of the products or services	.656	91.498
Apparent Pricing	.636	83.962
Enables instant purchase	.667	96.028

Table 4-2 Model Summary

Fig 1. Variance and Statistical Significance table between digital marketing and various metrics

In the same study, the researchers examined the correlation between various types of advertising and whether they corresponded to an increase in Sales. Among these various types examined, there were several key methods of advertising that seemed to have a strong relationship to an increase in sales².

Advertisements, Email Marketing, Social Media Marketing, and SEO show the most promise in driving results for businesses.

Afrina Yasmin, Sadia Tasneem, Kaniz Fatema
Effectiveness of Digital Marketing in the Challenging Age: An Empirical Study

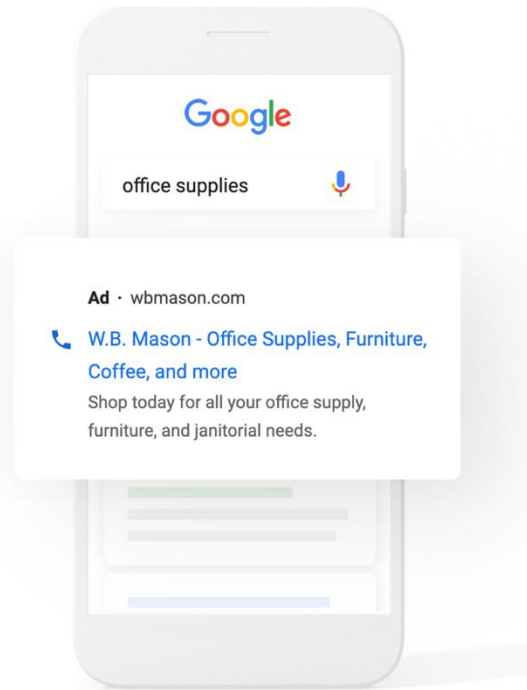
		Increased Sales	Online Advertising	Email Marketing	Social Media	Text Messaging	Affiliate Marketing	Search Engine Optimization (SEO)	Pay Per Click (PPC)
Increased Sales	Pearson Correlation (<i>r</i>)	1	.869	.873	.840	.667	.560	.840	.560
	Sig. (2-tailed)		.056	.053	.075	.219	.326	.075	.326
	N	150	150	150	150	150	150	150	150

² Yasmin, Afrina, Sadia Tasneem, and Kaniz Fatema. "Digital Marketing Review: Effectiveness of Digital Marketing in the Challe..." Research leap, September 24, 2022. <https://researchleap.com/effectiveness-of-digital-marketing-in-the-challenging-age-an-empirical-study/>.

Fig 2. Correlation Table between an increase in sales and digital marketing methods

In the following sections, we will explore how these advertisement techniques can be properly implemented successfully.

Advertisements and Implementation Strategy



Advertisements are forms of exposure for businesses to reach their target market segment to increase consumer awareness and engagement. These ads are integrated within our everyday lives as discrete boosts in brand and product awareness exposure.

Once the data analytic platforms are set up, the collected insights can be implemented in real applications, such as paid advertisements. Advertisements take on different forms of optimizing a business' listing/website to the top of Yelp or Google (see figure to the left), sponsored ads on Instagram, or on website banners. In order to set a foundation for a marketing strategy, it is crucial to understand how to utilize SEO.

Search Engine Optimization, or known as SEO, is the “most cost-effective marketing strategy that will bring organic traffic to your business” (Enge et. al., 2009). In reference to the report, taking advantage of SEO in a website or advertisement will boost a business's visibility at no additional cost.

To get the most benefits from limited marketing budget, utilizing digital platforms and proper data analytics will result in successful advertisements. Pay Per Click ads, or PPC is prominent in Google Adwords or Microsoft advertising. In common search engines such as Google or Bing, a user can look up keywords and a select number of results will pop up on their device. In order to attract more customers and push a business' information to the top, most businesses use PPC ads. In a report done in 2016, it was forecasted that Google is 85% of the utilized online advertising channels

with a projection to grow in upcoming years³. Through a Google My Business Profile, which connects Google Analytics to Google Ads channels, it makes setting up specialized ads quick at any budget. This will lead a consumer with no prior exposure to a business to a motivated and active customer.

³ Balça, Joana, and Beatriz Casais. "Return on Investment of Display Advertising: Google Ads vs. Facebook Ads." IGI Global. IGI Global, January 1, 1AD. <https://doi.org/10.4018/978-1-6684-6287-4.ch094>.



Analyzing a Digital Marketing Strategy

Web analytics is arguably the most crucial component of digital marketing. Essentially, web analytics aids in the collection, measurement, comprehension, analysis, planning, reporting, and prediction of web activity for your company.

Google Analytics is a free tool that generates reports that are simple to comprehend based on the data insights on your website. It is one of the tools that creates and offers analytics for its users. To better analyze the effectiveness of the paid advertisement, Google Analytics can be utilized in conjunction with Google Ads. This application analyzes data from your website to forecast or visualize your progress, monitor client website interactions, and track a company's performance.

One of the many features of Google Analytics that users can use is Google My Business Profile; with this tool, you can list your services, add contact information, business hours, and images. You may create one without a storefront, and it includes data that can help businesses understand how their customers are communicating with them. You may read customer reviews, comment to them, and find out what search terms led people to your business page.

The tool gives the user a wide range of metrics, but we recommend focusing on these to prevent any confusion:

- *The Overview page under Audience*: it will report how many users have viewed the website, number of sessions, bounce rate, new visitors, and average session duration.

- *The Conversion Page*: The goal of your website should be to drive your user to a specific action such as going on to a social media network or to book an appointment. This page will show if user successfully did the targeted action.
- *The Demographics Page under Audience*: you can find insights on age, gender, and what device they used to access the website.
- *The Geography Section*: shows where users accessing the website are from. This will be beneficial to reference for your next ad campaigns so you can allocate more of your budget towards these areas.
- *Acquisition Metrics*: allows the business owner to understand how the customer was able to discover the website.
- *Traffic*: you can find all the channels in which a customer can discover your site. Organic search is visitors who found your website on a search engine. If you choose to do Google Ads, it also tracks visitors who found your website from a paid search ad as Paid Search. Referral visitors come from another website source. Social visitors come from your social media account such as Instagram. Email is visitors that come from a link embedded in an email.

Customer relationship management (CRM) software, which tracks and analyzes sales activities in real time in a visible dashboard, is an additional helpful tool. It offers comprehensive information on employee productivity, sales activity, and performance, which may be utilized to monitor team performance and identify chances for business expansion.

Contact deal and task management, email monitoring, engagement notifications, templates, scheduling, document sharing, meeting scheduling, live chat, and sales quotes are features that are present in CRM software.

There are now free CRM programs available with a variety of features. Some examples include:

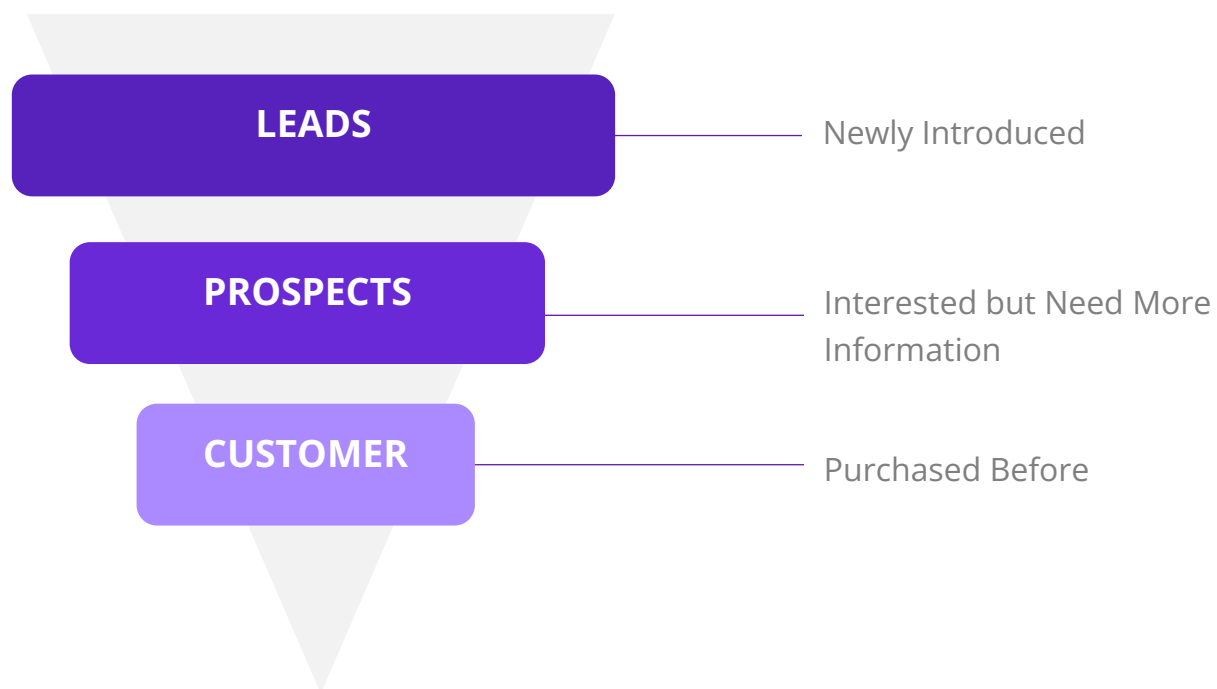
- *EngageBay*: for all-in-one business capability
- *Bitrix24*: for businesses with a lot of users and contacts
- *HubSpot*: for integration with the other applications ⁴
- *Capsule*: for project management

⁴ Bump, Pamela. "12 PPC Tools & Software to Help Your Ad Campaigns Crush It." HubSpot Blog. HubSpot, December 22, 2020. <https://blog.hubspot.com/marketing/ppc-tools>.

The Sales Funnel: How to Turn Leads into Customers

Before creating a marketing strategy, it is important to create and analyze a customer sales funnel that corresponds with their business. The optimal sales funnel for your business depends on the price of your products or services. “Companies with higher transaction values tend to have more levels in their marketing funnels, while companies with low priced products have simple sales funnels”⁵.

Example of a sales funnel:



Leads are individuals who have come across your content or information but haven't taken any action yet. They may have seen your Facebook ad but need more information about your company before they can move forward. It's crucial to keep in mind that these people are just getting to know your business for the first time and may need more time to research and understand your offerings.

Prospects are those who have shown an interest in your business but are not ready to make a purchase. These people are generally weighing their options and may

⁵ Rouhiainen, Lasse. *101 Facebook Marketing Tips and Strategies: For Small Businesses*, 2016.

require more interactions with your company to build trust. Your goal is to provide them with the necessary information and establish a connection with them in order to turn them into customers.

Customers, who have already made a purchase from your business, are a crucial group of people for your business. Understanding the unique characteristics of these individuals is important to effectively target them with your Facebook promotions and get them to recommend your products to their friends. Communication with these customers is also vital to keep them loyal and generate repeat sales. The conversion from interested prospects to customers is the last step of the sales funnel – as prospects gain more knowledge about the company's product or service, they become more likely to buy. In addition, the number of targets in each step of the funnel becomes smaller as it reaches the end. The success of prospect to customer conversion can be measured by the conversion rate, which can be derived by dividing the number of successful conversions by the number of initial interactions.

With the guided funnel approach, businesses can be more methodical in turning leads into customers.

Moving Forward from the End of the Funnel

Small businesses should begin by identifying their target demographic. This involves analyzing the characteristics of their ideal customer, such as age, gender, income, location, and interests. Once the target demographic is identified, businesses can use various tools and techniques to reach these individuals. Instagram and Facebook both provide a wide range of analytics tools that can be used by small businesses to get a basic understanding of their target market.

Guide to Creating a Winning Social Media Presence



Segment customers and determine the target demographic



Regularly post high quality visuals



Leverage tools like hashtags and locations to access different online communities



Regularly engage with the community through responding to comments and messages



Use paid advertising to expand outreach

Learn how Business Impact Group can help your business stand out through digital marketing by emailing bizimpactgroupuw@gmail.com

One effective marketing strategy for small businesses on Instagram and Facebook is to create a strong visual presence. This can be achieved by regularly posting high-quality images and videos that showcase the business's products or services. Additionally, using relevant hashtags and location tags can help attract the attention of potential customers. When creating content for your business, it is key that you grab the attention of your customers within the first few seconds or paragraphs, because the omnipresence of scrolling on mobile devices has changed the way people consume content on the Internet. According to several studies, "consumers' attention spans are getting shorter...and companies need to adapt their marketing strategies for this new trend"⁶.

Another strategy is to engage with the community. This can be done by responding to comments and messages, as well as creating and joining relevant Facebook groups and Instagram communities. By building relationships

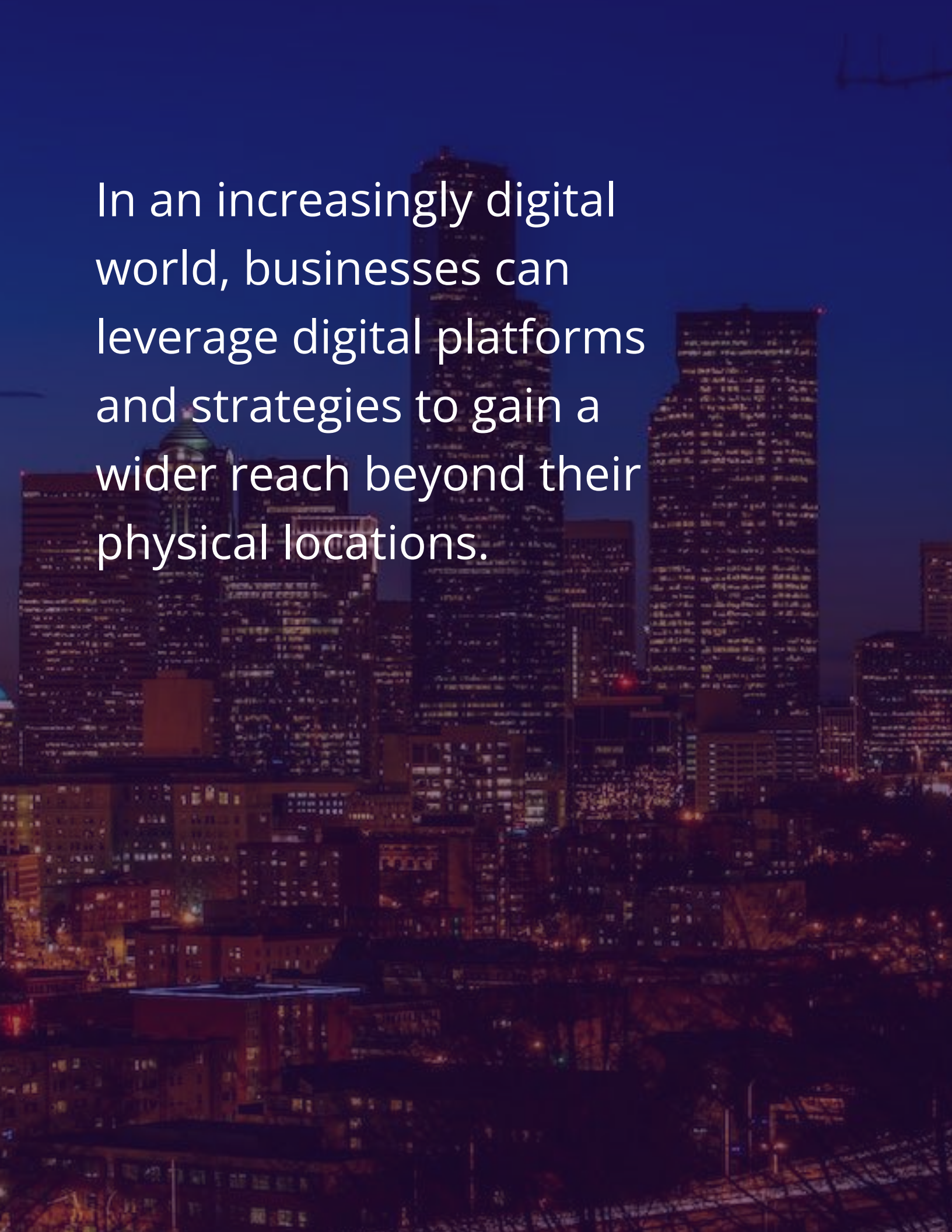
and becoming a trusted authority in the industry, small businesses can increase their visibility and attract more customers. In addition, these platforms offer features such as geographic location, interests, and demographics, that can be used to reach specific audiences. Advertising on these platforms can be a cost-effective way for small businesses to reach many potential customers.

⁶ Rouhiainen, Lasse. *101 Facebook Marketing Tips and Strategies: For Small Businesses*, 2016.

In addition to establishing an online presence through social media, paid advertising “can offer a great way to generate new leads, targeting potential customers who have not yet interacted with your brand” (Rouhiainen). Through paid advertising, you can expand your outreach and inform new customers about your products and services. Paid advertisements on popular social media platforms like Facebook and Instagram are extremely effective in conjunction with well branded account pages, offering easily accessible and digestible content for new customers wanting more information.

Conclusion

As mobile devices and the internet continue to play a larger role in our daily lives, small businesses can benefit greatly from utilizing digital marketing strategies to establish an online presence and reach new customers. By having a website and social media accounts, small businesses can expand their reach beyond traditional brick-and-mortar locations and connect with customers in new and innovative ways. Additionally, search engine optimization allows for targeted advertising, meaning businesses can reach specific demographics and geographic areas to maximize their marketing efforts. Furthermore, digital marketing is cost-effective and lets small businesses easily track the results of their campaigns and adjust in real-time to get optimal results for your business.

A night-time photograph of a city skyline, likely New York City, featuring several prominent skyscrapers with their windows illuminated. The sky is dark blue, and the city lights create a warm, golden glow. The text is overlaid on the left side of the image.

In an increasingly digital world, businesses can leverage digital platforms and strategies to gain a wider reach beyond their physical locations.

Meet Members of the Research Team



Rachel Santika

Rachel is studying Real Estate and has experience in property consulting from internships. Rachel has also founded her own small business.



Everett Hirano

Everett is pursuing degrees in Mechanical Engineering and Informatics with a minor in Entrepreneurship. Everett is interested in data analysis and has experience in programming and financial analysis.



Helen Kim Han Tran

Helen is studying Information Systems and Marketing. She has previous experiences graphic design, SEO, Google Analytics, WordPress, and copywriting.



Arthur Yan

Arthur is studying Finance and Information Systems. He has experience in lab research in the field of oncology.



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