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Internet Use by Canadian Businesses Evolves

By Michael Pastore

The majority of Canadian businesses now have a Web presence, but most of them are not using the Internet to its full marketing potential, according to a study by the Canadian Marketing Association (CMA).

The study, which was done in cooperation with IBM's Interactive Marketing and Brand Strategy Practice and includes online interviews with more than 450 individuals, found the use of online marketing efforts has been relegated to a relatively small number of marketing tools and tactics. The most common e-marketing tactic being employed is outbound e-mail, which is used by 46 percent of all respondents, followed closely by banner ads (38 percent) and online collaborative tools such as mortgage calculators (34 percent).

"The good news is that most Canadian companies -- more than 60 percent -- now have a Web presence. The challenge we face is that many companies, while respecting the privacy rights of consumers, are not using Web marketing to maximize results nor have they incorporated the appropriate breadth of measures to evaluate their Web initiatives," said John Gustavson, president and CEO of the CMA. "This has led to missed opportunities to market and sell their products and services."

The study also found that Canadian companies are struggling with one of the same problems that has affected companies in the United States that have incorporated the Internet into their daily activities. The majority of companies gather and store consumer information, but few analyze this data when determining future strategies. In fact, only about half of those companies surveyed by the CMA claim to be putting customer information they gather off the Web to any use whatsoever.

"The Web is just beginning to be accepted and understood as an important channel that generates customer insights. Leading organizations today are those which are integrating their Web strategy as part of their overall marketing strategy and are

leveraging what they learn from the Web across their entire enterprise," said Laurie Dillon, co-chair from IBM's Interactive Marketing and Brand Strategy Practice, IBM Global Services (Canada).

Canadian companies are beginning to put customer relationship management to use. Two-thirds are aggregating customer data, but nearly three-quarters are just building their databases and not yet putting customer knowledge to use.

Forty percent of the respondents to the CMA survey are dissatisfied with their ability to effectively measure online marketing and Web site performance. Current online metrics focus on operational measures, with little use of key measurement testing in the areas of customer validation, online merchandising measurement and other business metrics.

Canadian businesses are showing a growing interest in using the Internet for e-commerce, however, according to the SES Web Entrepreneurship Survey by SES Canada Research. The SES survey, which examined 1,000 Canadian small businesses, found that Canadian small businesses bought and sold almost $2 billion via the Internet in the past year, up from $760 million recorded by the 2000 SES survey.
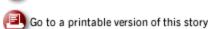
"We are seeing a fundamental shift in the way small businesses approach the Internet," said Nik Nanos, managing director of SES. "They are no longer just sending e-mails and dipping a toe into electronic commerce. They are now buying and selling significant amounts online and doing it more often. Small business e-commerce is coming of age."

According to the survey, Canadian small businesses bought more than $1 billion via the Internet in the past year, up from $410 million during the previous year. They sold $850 million in the past year, up from $350 million the previous year.

SES found that the percentage of small businesses using the Internet has remained steady in the past year at 78 percent, but use of the Internet has matured from a communications medium to a transaction medium.

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