Use and Perception of Digital Marketing Tools for Micro-Enterprises in Tijuana

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Abstract. In modern world, big changes are occurring in short time frames, business are dealing with information and communication technologies adaptation and updating problems, being such as Internet and Web 2.0. There are different tools that allow efficiency in internal and external communications of the company; when it comes to external communication, digital marketing is gaining more ground and an increasing number of companies invest more in that kind of strategies. Digital marketing as a tool for business is a great advantage that not all recognize, even much less number of companies use it, in particular microenterprises. There are many factors that influence the decision to adopt digital marketing strategies and activities. The present paper presents the scores for the different digital marketing activities as perceived and implemented by micro-enterprises in the city of Tijuana. The main reasons why they do not perform digital marketing activities are: they do not believe it necessary, training outdates and price. Companies mainly perform activities in social networks, in the company website, emailing and online advertising, while they qualify email, website, Facebook and Google Maps as the most useful digital marketing activities. This information can be used both by microenterprises as by suppliers to generate profitable strategic alliances.

Keywords: digital marketing, social media, Facebook, Web 2.0, online advertising, business opportunities, communication
General status of micro, small and medium enterprises in Mexico

Micro, small and medium enterprises (MSMEs) represent 99.8% of the economic units in Mexico. They comprehend a range of companies classified by INEGI (2009b) by the number of employees: being micro if they have 0 to 10 employees, small with 11 to 50 employees, medium if they count 51 to 250 employees, and large enterprises are those with 251 or more employees.

![Proportion of company sizes](image)

Figure 1. Proportion of company sizes as of INEGI classification (2009a)

Source: Prepared based on data from INEGI (2009a)

For this study, attention will be centered in microenterprises. Microenterprises are not only challenged by any other enterprise daring situation, but also are confronted with a lack of resources even more pronounced. As shown in Figure 1, reported by INEGI (2009a), from more than three million and half economic units studied in 2008, 95.2% are microenterprises, 4.3% are small enterprises, 0.3% are medium enterprises and only 0.2% are large companies; microenterprises employ 45.6% of more than 20 million persons workforce in the country, small companies employ 23.8%, medium enterprises employ about 9.1% and large companies employ 21.5% of workforce, as shown in Figure 2. So, for the economic and social impact of microenterprises and for the freshness of the digital marketing growth, this study has significant value.
According Solleiro and Castañón (cited in The Republic Senate Legislative Research Institute - Instituto de Investigaciones Legislativas del Senado de la República, 2002), MSMEs are currently suffering from nine major problems: problems related to education, both in training as corporate culture; problems related to fiscal policy; problems related to information on various topics; problems with promotion schemes, existing a lack of support organizations, and being excluded from government purchases, and the lack of credibility of the support programs; problems with financing, high interest rates, lack of support institutions; problems of technological assistance, with lack of support from universities and research centers, as well as lack of incentives for investment in innovation, and the lack of schemes to incorporate sustainable technologies and pollution control; marketing problems, unfair competition, unfair terms of trade; problems with law legislation; environmental problems, from insecurity, foreign investment, chambers and associations which fail in their role, corruption and bureaucracy in government procedures, devaluation, preference for imports, lack of delegation in decision-making by government agencies.

MSMEs in Baja California are representing more than 95% of establishments and covering 64% of employment. It is estimated that there are about 55 thousand enterprises in the state (Ramírez, 2009). In more detail, there are registries that in 2002 Tijuana had 4,921 enterprises in the Mexican Business
Information System (SIEM, for its acronym in Spanish) (cited in Mungaray et al., 2006), being a 45.5% of microenterprises in the state, and representing 38.13% of all companies registered in the state.

According to data presented by Mungaray, et al. (2006), in the maquiladora industry, Baja California has proven to be an outstanding contribution to the GDP, representing in 1999 a 22.3% of it, exceeding commerce and hospitality. Still, it is not the sector with the highest number of companies; the most populous is the trading sector with 53.4% of the state total in 2002, followed by 24.3% from services and 22.3% in industry.

In a more detailed approach, it is noted that in the year 2002 Tijuana had 4,921 microenterprises in the SIEM registry (cited in Mungaray, et al., 2006), adding up to a 45.5% of microenterprises in the State, and representing 38.13% of companies of all sizes registered in the state. Microenterprises employ a large number of persons, nevertheless, there is a lack of job opportunities in the region, digital marketing could be part of the community’s socioeconomic development and for these companies to grow and break through the critical first months operating where there is no profit, also, it can be a source of employment and self-employment.

**Web 2.0. digital marketing and its use by microenterprises**

While the term "Internet" is used generally to all matters relating to physical networks and communities who use and develop them, the term "Web" is designated to digital publications and activities that are carried out supported on the hardware of the networks, such as web pages, directories, social networks, among others.

Just as the Internet emerged from technological developments and communication needs, new studies and developments have brought more and more applications and functionality to the network, becoming more and more "democratic" both access and content generation. Initially, the way to work in Internet was to consult previously published information and request information directly to other users (such as the emailing service); following this scheme, information and communication technologies (ICTs) have been adapted to meet various needs, reaching a state of development called "Web 2.0", a name that follows the practice in ICTs to number software versions, version 2.0 of the web allows users to generate the content themselves through different
tools identified by features and functions: weblogs or blogs, wikis, tags, folksonomies, among others (Serrano Cobos, 2006). Such platforms are also used by companies both to generate their own contents and to "hear" what users say about their products and services; this particular kind of activity is called "collaborative marketing". The usage is not limited to this aspect, since social networks could be an supportive channel of new business opportunities (Mihalcea & Săvulescu, 2013).

The consumer is now considered the Internet protagonist, Web 2.0 is also known as "Social Web", this impacts the way companies interact and communicate with their audience, clients, suppliers, mass media, among others (Van Der Henst, 2005). Previously, companies were the ones that decided what was advertised and published through their corporate sites on the Internet, they decided what was advertised in the mass media and in outdoor advertising or diverse promotional activities; now users are consumers who decide what it is published and decide who to trust. It is estimated that over 40% of users rely on the accuracy of the information found on the Internet, 30% have posted a comment on the network, and over 20% choose to share positive and negative experiences with products and consuming services (Celaya, 2011).

Companies, that by their own communication and prospecting needs have learned to use in their favor this tendency of socialization and Web 2.0 tools, reported advantages in the following areas: more innovation, more marketing effectiveness, lower costs and higher incomes (Celaya, 2011). By these data it is strongly advised that every company should seriously consider investing in digital marketing.

There is a wide variety for the uses that companies give to Internet. Anetcom (2011) provides a list of digital marketing activities, such as: company website, interactive website, eCommerce, blog, search engine optimization (SEO), search engine marketing (SEM), online reputation management (ORM), email marketing, online advertising, online video, widgets or applications, online community, loyalty marketing, podcast, social media, relationship marketing, viral marketing, customer relationship management (CRM) and mobile marketing.

Although, it is necessary, in the first place, that all companies understand the term “digital marketing”; there are several authors that attempt to define that kind of activities (Kotler & Armstrong, 2003; Godin, 1995; Hoffman & Bateman, 2002; Newlands, 2011). For this study will be adopted the term “digital
marketing”, covering every other related or similar term, such as: e-marketing, Internet marketing, online marketing, and will be adapted the definition by Kotler & Armstrong (2003) and by Vertice (2010): digital marketing is an interactive system inside marketing and sales activities of a company, it uses digital communication media to achieve the main purpose of the enterprise –exposure, promotion and sales.

Marketing and advertising have not been disappeared or diminished, just only their traditional versions are no longer having the impact they had, the thirty-second television spot is giving way to less anonymous marketing strategies, especially through digital media, even print media is giving away digital versions, for example, the Encyclopedia Britannica has stopped printing after 244 years of publication (Bosman, 2012).

Companies that have taken advantage of digital marketing have reported that the best tools for entrepreneurs are: newsletter, corporate blog, search engine marketing (SEM), affiliate marketing, viral marketing, digital advertising, market research and Brand developing (García, 2009).

In implementing digital marketing activities, has been identified that even the largest companies in Mexico with more exposure and impact have proven to be inefficient in the measurement and analysis processes, presenting none or poor data collection (Hernandez, 2012). If microenterprises dedicate efforts to prevent this situation, they will have greater opportunities to project themselves nationally and internationally via the Internet.

At least a quarter of the MSMEs use social media, 20% use them in a greater extent, and 47% do not use these cannel (Puro Marketing, 2012), although it can be an excellent way of communicating with customers or prospects. The boost in digital marketing activities is a boost to the growth of microenterprises, while the company satisfies society with better products and services.

According to the social network for small business, Manta, 61% of companies surveyed do not see any return on their investment in social networks, even though 51% increased their time in such activities. The pollster found that the target of 36% of business was to get new customers, while for 19% were getting contacts and references, also the Facebook platform was the most difficult for most (Brum, 2013).
In another survey, it was found that 31% of small and medium enterprises already use some social media to drive traffic to their website, while 27% already have a search engine optimization plan (Puro Marketing, 2011).

Regarding Internet practices of Mexican companies, there is little reference, one of the documents found are limited to the percentage of businesses using social platform Twitter, with 7.2% of accounts on the platform owned by a company, while 4.9% are private companies, is not reported line of business and size of companies (Perezbolde, 2011).

In a study in Morelia (Zalapa Saavedra, 2010) found that only 28% of micro business had a website as a means of digital marketing, 19% of the microenterprise were not interested in using a web page while 42% were interested in using one, and 39% were undecided.

As seen above, is indicative of that research on the use of digital marketing in Mexico is quite limited, coupled with the low status of implementation by microenterprises, while the trend is on the rise regarding the implementation by companies and the use by the population, which represents an area of opportunity for companies that implement them as for offering such services.

### Methodology

In order to understand the methodology of this study, the instrument used for the collection of data and the variables that were considered for construction, the method used and the subjects in the study are described.

### Material

The material used in the study was a purpose built questionnaire, in order to discriminate digital marketing activities carried out by the microenterprises and how useful are they perceived, and the reasons why is digital marketing not in use and whether investment in such activities will take place next year, also was identified if the company had internal or external digital marketing staff.

### Method

To define the method Hernandez Sampieri, Lucio Fernandez Collado and Baptista (2006, pp.209-210), and Gray (cited in Ibanez Brambila, 1999, pp.35-36), were reviewed, they categorize the various research designs performed
in the social sciences, choosing a exploration design to inquire about digital marketing activities of microenterprises in the city of Tijuana and their interest in investing in the same the following year of operations.

**Subjects**
The participants were 40 microenterprises in Tijuana city, of which 47.5% are involved in the service sector, 42.5% belonged to the trading sector, and 10% did not specify any sector. The microenterprises line of business proved quite variable, identified as more frequent in the service sector were two graphic design enterprises and two restaurants; and in the trading sector were three autoparts stores, two drugstores and two printing supplies stores.

The rest of microenterprises represented a single line of business each, among which are: accounting, dental, commercial photography, blacksmithing, fumigation service, veterinary services, beauty salon, party rental, clinical testing services, legal consulting, advertising services, tire store and repair shop, gift store, secondhand goods, decorative frames, clothing and accessories, bookstore, drinking water and ice, refrigeration equipment, appliances, and groceries store.

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<th>Table 1. Amount of companies in service and commerce categories.</th>
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Table 1 shows the amount of microenterprises surveyed by their line of business. A peculiarity of the study subjects is that the variability of the lines of business was similar between the Services and Trade: between 41 and 42% of cases of each sector together accounted for three lines, respectively, which does not generate any representation for the various subgroups.

A feature of the surveyed companies is that most had five employees or less (77.5%), that highlights that the staff available for the division of labor is quite limited. Figure 3 shows that in second place surveyed companies with three
employees representing 17.5% of cases, companies with four employees resulted third being a 12.5%, following them four companies (10%) of one employee, 7.5% had five and six employees, 5% had eight employees and 2.5% had nine employees.

Results

In this paper is presented an exploration for the proposed metric variables in the demand for digital marketing services, as well as the perception that microenterprises have of digital marketing activities. It is necessary to conduct further studies that focus on the feasibility of offering digital marketing services to MSMEs.

**Digital marketing activities carried out by the microenterprises**

Following the list of digital marketing activities published by Anetcom (2011), the questionnaire applied to the microenterprises evaluated if the company carries out the following activities: website, interactive website, eCommerce, blog, SEO, SEM, ORM, email marketing, online advertising, online video, widgets or applications, online community, loyalty marketing, podcast, social media, relationship marketing, viral marketing, CRM and mobile marketing.
Figure 4 shows that of the 40 institutions surveyed, a total of 26 microenterprises reported digital marketing activities, it also shows the proportion of responses given by companies, in which responses are some trends identified: 18 companies reported being active on social networks, 15 reported having web site, ten reported to conduct email marketing, ten reported to carry out online advertising, seven mentioned to manage customer relationships (CRM), six more reported doing e-Commerce. With respect to other activities, it is considered that there were very low percentages to consider them as trends.

**Staff dedicated to digital marketing and investment expectations the following year**

By cross-tabulation, variables were integrated if the company had internal or external staff for digital marketing activities, and whether or not they will invest the following year in such activities.

While the trend was not having internal staff or not hiring an outside agency to perform digital marketing activities, as shown in Figure 5, is quite comparable to the number of companies that are willing to invest in digital marketing the next year (17 cases), to the 18 companies that reported they would invest in digital marketing next year.
In Figure 5, there is a first quadrant that identifies the number of companies that have internal or external staff that will invest next year in digital marketing, a total of 17.5% cases, indicating that they had some results and expect to do so in the future, a second quadrant quantifies companies that do not have internal or external staff, being a 25%, nevertheless they are willing to invest in digital marketing next year, such companies appear to expect favorable results of a set of activities that are not carried out at the time of the study, although, only two companies, a 5% of cases, reported that next year will not invest in digital marketing but have internal or external personnel for this purpose –there should be further research for reasons which led them to decide not to spend the next year in an activity that and performed at the time of the study. A final quadrant is conformed of companies that do not have internal or external staff and do not are willing to invest in digital marketing the following year, accounting 40% of cases.

Being an objective of this study to explore variables involved in microenterprises digital marketing practices, should stand out that new enterprises have an opportunity supplying digital marketing services and they should focus in quadrants two and four, both groups adding up a 65% of the group studied.

**Expected investment the following year**

Of the microenterprises surveyed, 18 reported that they would invest in digital marketing for the next year following the study, while 17 will invest in digital marketing; the other five companies did not answer the question.
Figure 6 shows the activities that 18 microenterprises reported they will invest next year to the study. 15 cases gave 20 responses with the activities they plan to invest for year 2013: 40% reported that they would invest in the website of the company, 25% they would on social networks, 10% in eCommerce and advertising, 5% in relationship marketing, viral marketing and interactive website, respectively.

**Reasons why microenterprises are not conducting digital marketing activities**

A total of 22 enterprises (55% of cases) gave their opinion about the causes of why they were not active in digital marketing, having obtained the answers openly, were analyzed for category listing. According to this list, there were categorized by the following reasons: no need, obsolescence/outdated, price, poor sales, lack of time, lack of staff, lack of results, no proposals received, lack of organization, for safety concerns.

![Figure 7. Reasons microenterprises do not carry out digital marketing activities (% of answers)](image)

Figure 7 highlights that the main reasons for not carrying out digital marketing activities are: ten companies not considered it necessary by different issues, but on the same basis; while, secondly, indicated the failure to update, six cases reported they did not know the subject or had not appropriate technol-
ogy or training; third place, the price, five companies considered it too high or they were not willing to pay; the latter category would supplement which got fourth place, decreased sales, three companies reported that their situation in terms of revenue was bad; another reason was the lack of time, reported by two companies; two more mentioned that they did not have the staff to carry out those tasks.

**Digital marketing activities rating by microenterprises**

The various digital marketing activities were rated by respondents on a scale of 1 to 5, average rating of valid cases were calculated and found the following trend: the email has the best score, followed by website, social network Facebook is third place, appearing in Google Maps is in fourth place, followed by digital advertising and banners, special section on the website to manage the customer accounts is in the sixth position, appearing in third-party websites as directories is seventh place.

![Figure 8. Average rating of digital marketing activities on a scale of 1 to 5](source: Mejía Ramírez (2013))

Figure 8 shows that all digital marketing activities are rated low to very high (up to 2 points average), it stands out that the great variability of existing services in the digital environment were not studied further that the main categories for practical purposes, so that future research can dedicate to study the full range of digital marketing specific activities or certain segments or categories.
For the present study, microenterprises valuations of digital marketing activities were examined and were categorized into groups: advertising and banners, third party website, website and blog, email and newsletter, social networking, voice over IP (VOIP), and chat or instant messaging. Average scores were separated for each category depending on whether the micro had or had not internal or external staff assigned to digital marketing tasks. For the best qualified categories (advertising and banners, third party website, web site and blogs, email and newsletter), microenterprises with and without internal or external personnel have similar averages, which may be indicative of consistency in the general opinion about the usefulness of such categories.

Conclusions

Regarding the variables studied, different perspectives of application in the field can be contrasted, these different perspectives are further concluded in general terms and are given some recommendations for future research in the following pages. This research adds to the growing number of studies dedicated to the business relationships of SMEs (Hampton & Rowell, 2013).
The present study was set out, in part, to make an exploration of the causes why digital marketing is not carried out by microenterprises, obtaining responses from 55% of microenterprises surveyed, several companies reported different causes simultaneously, i.e. a company reported that there was no digital marketing activities carried out because of lack of personnel and capital, another company reported that the market they attend is outdated and that there were security issues, another said that they are not qualified for that tasks and that they have an economic shortage, another company reported that they were outdated and that the few sales did not justify the investment in terms of time or money, most reported that it were very modern tasks and the business was not going well so the cost was not viable, another company reported that there was no need for digital marketing and that there was little sales and work besides being outdated in terms of digital marketing.

Some other companies reported a lack of budget, and that they did not see it useful or that they were no results obtained, others that they did not know to use it, some other reported that they did not have the staff or the organization for that tasks, or that they did not have the system to carry them out, even some companies reported that business was on hold for personal reasons and that they did not engage in digital marketing because they had not been received work proposals. The reasons given by the study subjects give example of the types of responses that can be categorized for future research on causes by which digital marketing is not carried out.

By categorizing multiple responses on causes for not using digital marketing frequencies were analyzed, so that the main cause found for the lack of use of digital marketing is that the microenterprise did not consider it necessary to perform such activities (31.3% of the responses received), second term was considered the lack of updates or training (18.8% of responses), then the cost (15.6%), poor sales (9.4%), lack of time or personnel (6.3%, each concept), few or no results in such activities, lack of proposals or organizational, and security (3.1%, each concept). These percentages show which reasons should be considered to be met by third parties: update and training, costs and ROI, availability of time and personnel, significant results, good service proposals and provide security for the company.

In the particular case that companies do not consider it necessary to invest in digital marketing, it is considered to correspond to a sales force effort of any third party that wants to offer the service. As for the lack of updating, the service providers may include training as a customer service, as a course, tutorial,
report or some other format. The issue of costs may be considered by service providers, offering a competitive price according to market or credit easiness, also this would solve as an external service the lack of time or staff. Providing significant results and generating a good service proposal, coupled with security should be positions to consider in offering digital marketing services.

Studied microenterprises perform certain activities that are considered within the scope of digital marketing, 65% of companies surveyed carried out some digital marketing activity. Proportion of multiple answers were calculated, being main trends that social networking activity was carried out by a 16.4% of cases carrying out digital marketing, 13.5% of the sample have a website. Secondly, online advertising and email marketing stand out as trend but not widely performed. The following activities are performed in smaller proportions so they were not considered trends: software used for customer relationships management (CRM), e-commerce, relationship marketing, online reputation management (ORM), search engine optimization (SEO), company blog, and interactive website, search engine marketing (SEM), online community building, viral marketing, mobile marketing, loyalty marketing, widgets or applications, online video or podcast.

Regarding the future investment by microenterprises studied in digital marketing activities, only 45% reported that they would do it in the next year of the study. Of those which said yes, it was found that they preferred to invest, first place, in the company’s website, second place, in social networks, third place, e-commerce and online advertising, last place, relationship marketing, viral marketing and interactive website. It was also found that 57.5% of companies will not invest in digital marketing, while a 42.5% will.

Among digital marketing activities, is advisable to provide services relating to the company website, online advertising, email marketing, while for the customer relationship management, search engine optimization, search engine marketing, online reputation management, online community, and other digital marketing activities, it is recommended to strengthen the value-added services supply offering the company updates and training, in addition to the focus on results and return of investment.

The results and conclusions of this study provide enough lights on the subject of offering digital marketing services to micro, it shows that there is an unexplored potential and perhaps unexploited that can benefit fully operational microenterprises, and entrepreneurs who like the digital marketing subject
and who intend to start offering their services, and professionals in the digital marketing line of business (graphic designers, software engineers, marketing graduates with degrees in communication, advertising, etc.) by opening more job positions.

References


