



VERISIGN®



WHITE PAPER

# **BENEFITS AND BARRIERS OF BRINGING A SMALL BUSINESS ONLINE: PERSPECTIVES FROM GLOBAL SMALL BUSINESSES**

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## INTRODUCTION

Today, people often turn to the Internet first for information about businesses and products – whether they are shopping online, or simply looking for a business' address or phone number – making an online presence one of the most important assets for any business; not just to share information, but to build credibility.

According to a recent survey of millions of consumers by Weebly, 56 percent said they do not trust a business without a website.<sup>1</sup> Consumers are looking to connect with companies more than ever, and establishing an online presence through a website, blog or social channels provides a great way to fulfill this desire. Maintaining ongoing communication and providing updates on company initiatives and promotions through digital channels helps companies reach a broader audience to create and strengthen relationships and build trust, which is critical for creating the all-important customer loyalty.

Moreover, Internet Retailer recently reported<sup>2</sup> that online research is critical for driving traffic to physical stores. And Forrester Research<sup>3</sup> predicts sales influenced by the Web in 2014 will reach \$1.409 trillion. These are sales driven by consumers looking for product information online while shopping in a store, researching products and services via social media, and conducting comparison shopping among competitors. It doesn't even include direct sales from e-commerce.

With more than 25 million businesses around the globe online,<sup>4</sup> those without an online presence are at a clear disadvantage. Verisign commissioned this research from Merrill Research to glean insight into the motivations, perceived benefits and barriers, and preferences of small businesses around the world for creating an online presence with the intent of helping those small businesses that have not yet brought their businesses online learn from their Web savvy peers' experiences.

## Key Findings

- **Small businesses that choose to have an online presence most often choose websites over social media to represent their company:** Globally, 72 percent of participants reported having a website as their primary online presence to represent their businesses, followed by social media (13 percent).
  - When asked which methods of an online presence their small businesses employed overall, the highest rates of website usage were in Germany (91 percent), the U.S. (88 percent), and the U.K. (88 percent). India reported the lowest rate at 67 percent, while the global average was 82 percent. The second most used method, social media, was reported by 49 percent globally with the highest usage in China (63 percent) and the lowest usage in France (41 percent).
- **Small businesses believe websites make their business look more credible and are critical for success:** Globally, two-thirds (65 percent) of small businesses with an online presence said they elected to create a company website because it makes their company look more credible, and 60 percent said that a website is critical for a small company's success. Overall, 82 percent of small businesses with an online presence would recommend investment in a website to other small companies in their industry.

1. TechCrunch. [With Over 15M Sites Built, Weebly Launches New Planner And Mobile Editor, Brings Website Creation Service To Android](#). (May 3, 2013).

2. Internet Retailer, [Most shoppers go online to research products before buying in stores](#). (March. 2012).

3. Forrester Research, [U.S. Online Retail Forecast, 2009 To 2014](#). (Nov. 2010).

4. Internet Retailer, [How Many Online Retailers and There Worldwide?](#), (Oct. 2012).

- **The preferred domain extension for small business is .com:** In the U.S., nine out of 10 (89 percent) small businesses with an online presence prefer a .com domain name for their company website. Globally, that number is 61 percent.
  - In Germany, the local country code top level domain (ccTLD), .de, was preferred, with .com coming in second. In France, .com and the local ccTLD, .fr, are equally preferred.
  - More than half (54 percent) of U.S. respondents said they would choose a .net domain name to support their company website if their preferred TLD (most often cited as .com) was not available.
- **Small businesses have not caught up with the mobile trend:** Globally, only 21 percent of small businesses with a website have a mobile version of their website, with China reporting the highest percent (45 percent) and Germany the lowest (11 percent).
- **Perceived and actual barriers to creating a small business website often don't match:** Half of the global small business respondents thought technical know-how would hinder the creation of a small business website, but only 27 percent reported that as an actual barrier. Respondents in India and China perceived the security of their website to be the most concerning, but found ongoing maintenance was actually the stronger barrier once they actually created a company website. In fact, ongoing maintenance was the most cited actual barrier by all respondents regardless of location.
- **Small businesses are missing out on inexpensive opportunities to claim their brand online:** Overall, two-thirds of respondents said their small businesses are using a branded email address. Nine out of ten (92 percent) of these small businesses say they feel that branded email makes their business look more credible, yet the 63 percent without branded email didn't know it was an option for their company even if they do not have a website. About half (51 percent) of small businesses who currently have an online presence were aware that they could invest in a domain name and have it point to an online presence hosted by another service, like a social media site. Awareness of this option is highest in China (75 percent) and lowest in the U.S. (38 percent).

## RESEARCH OVERVIEW

### Methodology

In an effort to gain insight about the motivations, perceived benefits and barriers, and preferences of small businesses around the world for creating an online presence, Verisign partnered with Merrill Research to conduct a global survey of 1,050 small businesses with an online presence about their experiences. One-hundred-and-fifty participants were recruited from each of the following countries: China, France, Germany, India, Turkey, U.S., and U.K.

From May 30, 2013 through June 15, 2013, an online survey was deployed by Merrill Research in each market. In order to participate in this research, all respondents had to work for a company with 1 to 49 employees; be in industries other than education, government, military, or nonprofit; participate in their companies' marketing decision-making process; and work for a company with some type of online presence (defined as a website, social media account, e-commerce site, local review site, or a blog).

### Small Businesses Choose Websites Over Social Media

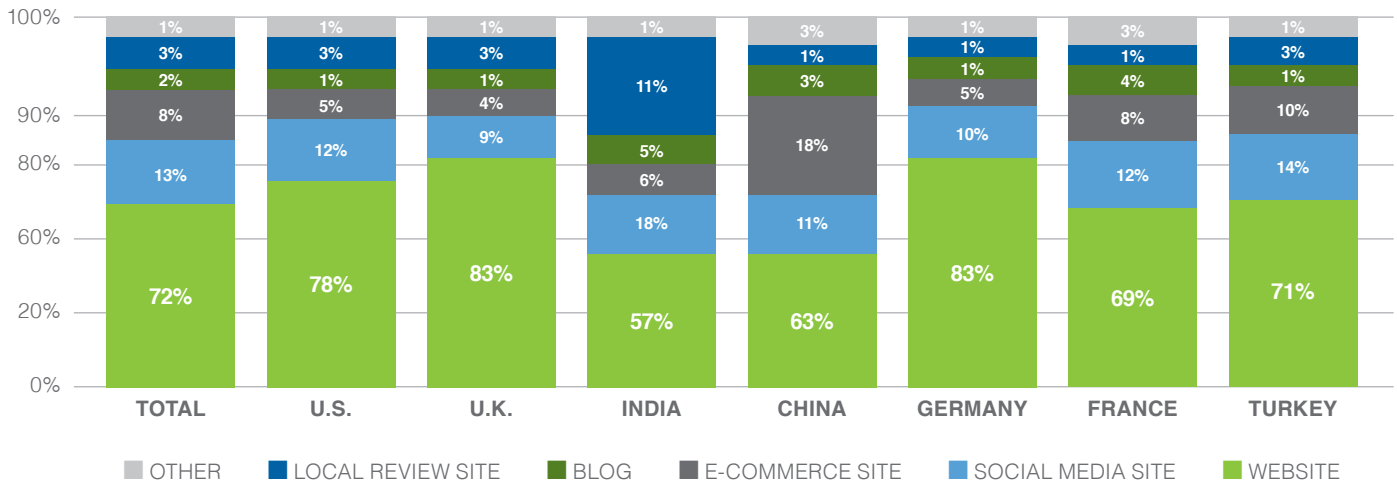
In most countries, at least three-fourths of these small businesses are using a website as a means of having an online presence (Figure 1). The exception to this is India, where although still the most popular form of an online presence, website usage is lower than in other countries. A website is also the primary method of online presence for the majority of companies, while many also utilize social media as a way to communicate with customers and drive traffic to their websites (Figure 2). This is especially true for small businesses in China and India.

**FIGURE 1: METHODS OF ONLINE PRESENCE (BY COUNTRY)**

	TOTAL	U.S.	U.K.	INDIA	CHINA	GERMANY	FRANCE	TURKEY
BASE	(n=1050)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)
A website	82%	88%	88%	67%	81%	91%	78%	77%
A social media site	49%	57%	45%	47%	63%	44%	41%	46%
An e-commerce site	19%	13%	12%	13%	42%	15%	15%	24%
A blog	18%	13%	13%	18%	51%	9%	12%	10%
A local review site	17%	25%	16%	23%	15%	12%	8%	17%
Other	3%	2%	1%	2%	5%	2%	7%	1%

**Q: Which of the following best describes your company's methods of online presence?**

**FIGURE 2: PRIMARY ONLINE PRESENCE (BY COUNTRY)**



**Q: Which one of the following best describes your company's primary online presence?**

**In general, respondents said that having a website makes their business look more credible. Four out of five (82 percent) would recommend a website to other small companies in their industry, with three out of five agreeing that a website is critical for small business success.**

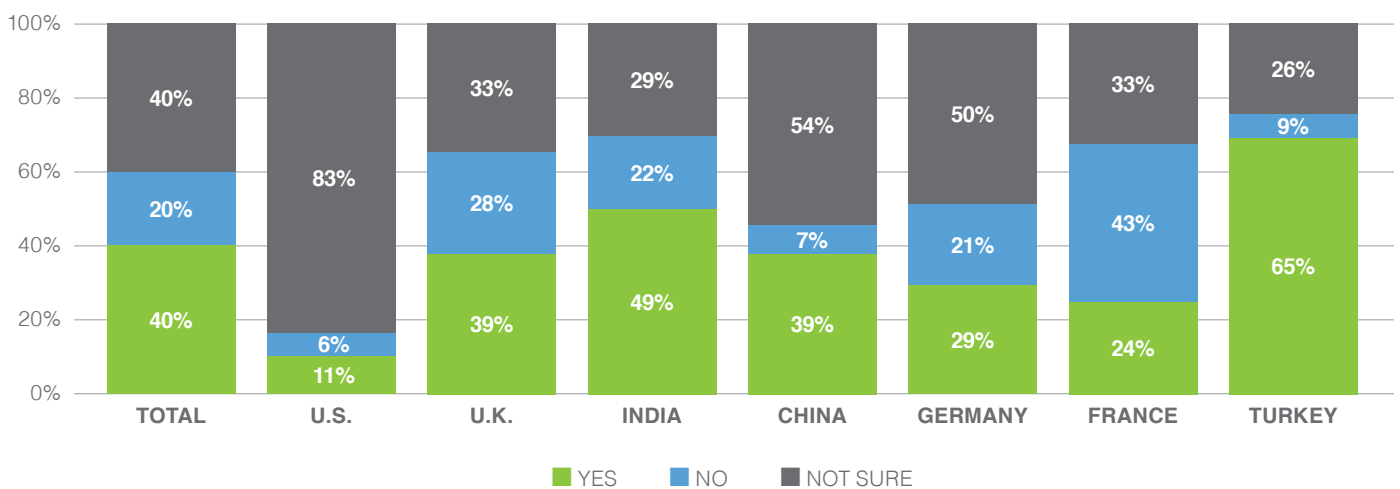
Participants also indicated that websites allow for more control and are a good way to support e-commerce/online sales. Overall, communication, customer reach, and ease of use were the main benefits given for why websites were chosen as a company's primary online presence.

In China, websites are credited for their capability to distribute information quickly. Chinese participants were also likely to cite the convenience of anytime access that a website allows. The low cost/expense of a website is mentioned in China more than any other country (17 percent vs. 0-3 percent elsewhere). Two out of five French participants mention that a website allows them to establish/spread corporate presence/identity. This aspect is mentioned almost twice as much in France than any other country. Two out of five respondents in India indicate that a website helps with customer reach and impact by enabling them to get in front of a wider audience and providing an ongoing way to communicate with customers.

The second most popular means of online presence cited by participants was social media, primarily Facebook, although Twitter has a strong presence in Turkey, India, and the U.K., and in China Sina Weibo and Tencent Weibo were the most popular sites. For the small number of small businesses using social media sites as their primary online presence (13 percent), the reasons most often cited for this choice included cost, convenience and familiarity (i.e. it is easier and cheaper than maintaining a company website; and, in many cases, is the method they are most familiar with).

Globally, of those who are not currently using a website, intentions are evenly split between eventually investing in a website and being unsure/undecided about a website in the future (40 percent each). However, taking a closer look by country reveals that future intention is highest in Turkey (65 percent), which also had one of the lower percentages of small businesses with websites (77 percent). Similarly, France (78 percent) and India (67 percent) were among the countries with the lowest numbers of small businesses with websites. In France intention to invest in a future website was only 24 percent, while many (43 percent) were definitive that they had no future intention of investing in a website. While almost half of Indian respondents (49 percent) said they intended to have a website in the future, 29 percent were still undecided, indicating that participants from India understand the value of having a business website even if they have been slow to adopt one (See Figure 3). Almost half (47 percent) of those who intend to have a website plan to launch it in the next six months. A similar percentage of intenders (45 percent) have already purchased their domain name.

**FIGURE 3: FUTURE INVESTMENT IN A WEBSITE**



**Q: Do you intend to eventually invest in a website for your company?**

## Small Business Web Domain Preferences

The most important decision a business owner can make when establishing an online presence is choosing the right domain name. In this digital age, domain names are central to all online activities, and businesses should take careful consideration when making their choice.

First, businesses need to ask themselves which TLD best serves their business. TLDs appear to the right of the dot, such as .com, .net, and .tv. The domain name industry is a competitive marketplace and there are many TLDs to choose from. When deciding where to build your online identity, a TLD can be as important to your business as your second-level domain (what's to the left of the dot, i.e., your brand or product) for many reasons, including security, credibility and search – which will be how most customers find your site.

**Respondents to this study chose .com as their TLD of choice for establishing a company website in most countries (See Figure 4).** Two unique cases were Germany and France. In Germany, the local country code TLD, .de, was preferred, with .com coming in second. In France, .com and the local country code TLD, .fr, are equally preferred. More than half (54 percent) of U.S. respondents said they would choose a .net domain name to support their company website if their preferred TLD (most often cited as .com) was not available (See Figure 5).

**FIGURE 4: TOP LEVEL DOMAIN PREFERENCE**

	TOTAL	U.S.	U.K.	INDIA	CHINA	GERMANY	FRANCE	TURKEY
BASE: Total Respondents	(n=1050)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)
.com	61%	89%	47%	74%	79%	13%	44%	83%
Local country TLD	28%	1%	35%	15%	12%	79%	42%	10%
.net	5%	5%	3%	4%	6%	3%	7%	4%
.org	3%	4%	3%	3%	1%	1%	3%	3%
.biz	1%	1%	1%	3%	1%	2%	-	1%
.co	1%	-	9%	-	-	-	-	-
Other	1%	-	-	1%	-	1%	3%	-

**Q: Please indicate the one top-level domain in which you would prefer to invest to support your business website.**

**FIGURE 5: TOP LEVEL DOMAIN SECONDARY PREFERENCE**

	TOTAL	U.S.	U.K.	INDIA	CHINA	GERMANY	FRANCE	TURKEY
BASE: Total Respondents	(n=1050)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)	(n=150)
.net	26%	54%	7%	21%	44%	14%	13%	31%
Local country TLD	26%	1%	29%	29%	37%	13%	35%	39%
.com	25%	5%	33%	15%	11%	57%	41%	9%
.org	8%	4%	5%	13%	3%	5%	7%	11%
.biz	7%	1%	21%	17%	2%	1%	1%	1%
.co	5%	14%	3%	5%	1%	2%	1%	4%
Other	1%	-	1%	-	-	1%	1%	3%

**Q: If your desired domain name was not available for that TLD, what top-level domain would be your second choice for your business website?**

For more than two decades, .com and .net have been the TLDs of choice for businesses seeking to establish their online presence because they have global recognition and consistent records of security, availability and stability. They are also the TLDs of choice for many search experts because search engines give more weight to websites on .com and .net, making it easier for them to be found. In countries where the ccTLD is prevalent and very desirable for businesses – such as Germany’s .de and France’s .fr – businesses should consider building a domain portfolio and registering the same domain name on .com and .net to protect their online identity.

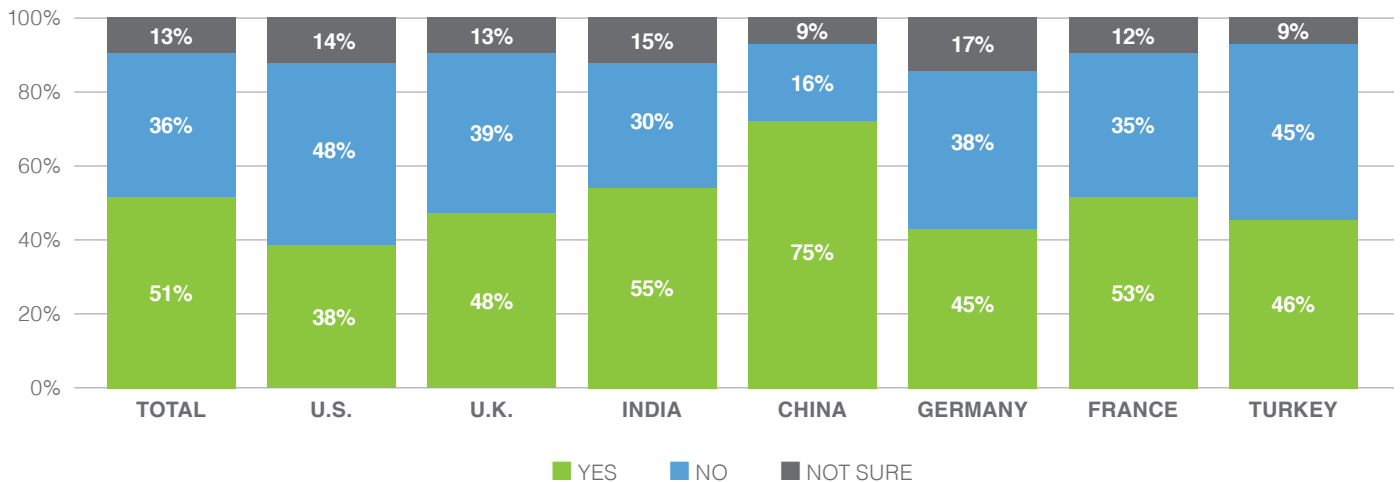
**Creating a Small Business Web Presence**

There is a common misconception that buying a domain name requires one to immediately set up a website. But once a business selects and registers a domain name, or several, there are many ways they can be used to establish a Web presence. From free and low cost channels that require little to no investment or technical expertise, to a full featured customized website, the control that having a domain name provides is critical because it allows businesses to scale their Web presence as they grow without the risk of losing customers. As almost half of the survey respondents who expressed intent to build a website have already purchased a domain name, there is a possibility they could be using it to market themselves through one of these alternative methods.

One simple way a business can use a domain name without building a website is redirecting the domain to another site, like a company’s social media or e-commerce site. This means that when anyone types in the company’s domain name, they will be directed to the company’s page. Looking specifically at Facebook – the top used social media site as reported by survey respondents in this research – there were 78,664 businesses globally in March 2013 that were directing a .com domain name and 6,503 directing a .net domain to a Facebook page, an increase of about 25 percent and 23 percent respectively year-over-year for each TLD.<sup>5</sup> That is pretty impressive growth, indicative of the popularity of Facebook.

**It also shows that these companies recognize that a domain is the center of every business’ online presence because no matter their online location – Facebook today, social site du jour tomorrow – a domain name can move and scale with the business.**

**FIGURE 6: ONLINE HOSTING BY ANOTHER SERVICE**



**Q: Did you know that you could invest in a domain name and set it up to point to an existing online presence hosted by another service, such as a Facebook page, an Etsy page, or a blog?**

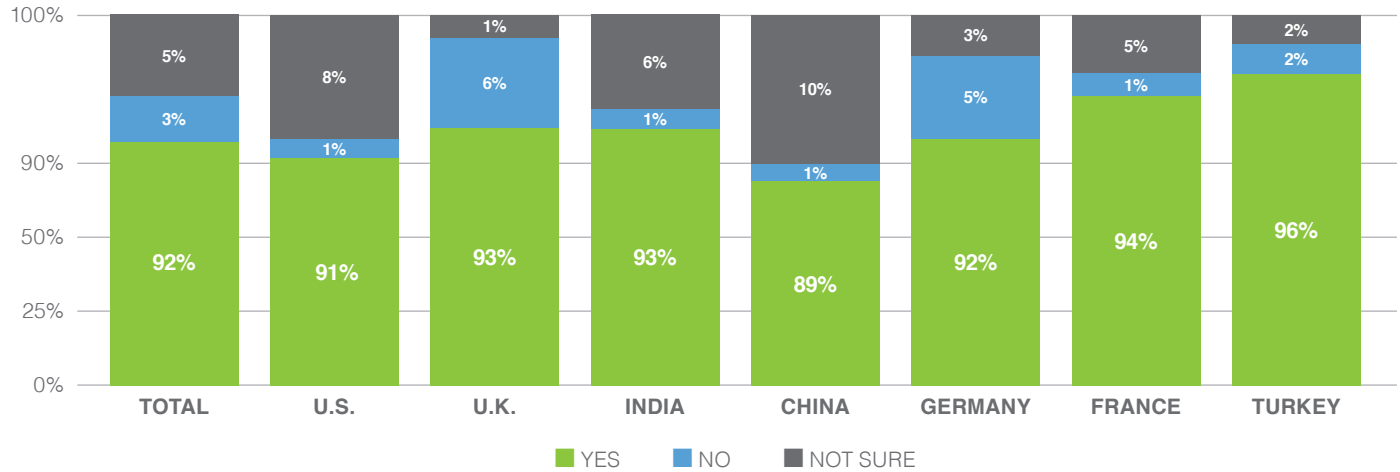
5. Between The Dots, [Businesses increasingly using .com domain redirects to brand their Facebook pages](#), (June, 2013).



While only about half (51 percent) of all survey respondents realized domain redirection, or hosting by another site/ service (Figure 6), was an option, this technique is a great way for small businesses to initiate an online presence because it requires little to no investment or technical expertise and enables them to see the immediate benefits that an online presence can deliver. However, it is important for small businesses to keep in mind that this route subjects their business to the terms and conditions of the hosting site, which means they can change the business' online presence at any point and there is really nothing that can be done about it. With this in mind, it's no surprise that 72 percent of survey respondents said "control" was important to them when it comes to their online presence. This is the exact same percentage of respondents who said they use a website as their primary online presence, perhaps indicating that they understand that owning their online presence is optimal because it allows them to control their brand and image online.

Another way a small business can use a domain name is by establishing a branded email account for the business and employees. For example, instead of directing customers to a generic email account (e.g., yourcompany@yahoo.com or @gmail.com), a small business can help build its brand and look more professional by purchasing a domain name and establishing branded email (e.g., yourname@yourcompany.com). Nine out of ten (92 percent) respondents to this survey who used branded email for their small business said that they felt it helps make their business look more credible. The only cost associated with branded email is the cost of the domain, and the benefits are numerous.

**FIGURE 7: CREDIBILITY OF BRANDED EMAIL**



**Q: Do you feel that a branded email address helps make your business look more credible?**

As almost half of the survey respondents who expressed intent to build a website have already purchased a domain name, there is a possibility they could be using it to market themselves through one of these alternative methods. That way, when they are ready to build a company website, they can easily leverage their existing domain name and all of the marketing assets they have no doubt included it on, such as advertisements, business cards, letterhead, t-shirts, etc. For those who have not yet secured a domain name, there are hundreds of registrars globally that provide online tools to help search for and register available domain names. Registrars can serve as a business owner's one-stop-shop to help establish their online presence.

**Perceived Versus Actual Barriers of Small Business Website Ownership**

Overall, the majority of participants agree that "an online presence that I have control over is important" and "an online presence is important for a company's success." However, when asked why they were hesitant to establish a website, on-going maintenance of a website was the barrier that was both most perceived prior to the website's creation and confirmed once the website was created. This could be due to the fact that only 43 percent overall had dedicated staff to support digital marketing efforts, such as SEO, website maintenance, and online advertising.

Respondents from China (83 percent) and India (64 percent) were most likely to have staff dedicated to digital marketing efforts, while those from Germany (16 percent) were least likely. Interestingly, although small businesses in Germany were least likely to have dedicated staff, they were the country group with the highest rate of having a website (91 percent), but with the lowest rate of having a mobile website (11 percent). Participants from Germany (83 percent) were also most likely to agree with the statement, “an online presence that I have control over is important to me.”

Participants from India and China expressed the highest concerns about the security of websites and also reported security as a real barrier at rates more than twice that of any other country. Forty-three percent of all participants were concerned about the costs to develop a website, but the percentage of those who actually experienced this cost barrier upon site development was less than half that (17 percent).

**Even though participants expressed several perceived and real barriers to developing a website, more than three-fourths (82 percent) said they would recommend investment in a website to other small companies in their industry showing that the value of a website outweighs any perceived or real barriers encountered.**

**FIGURE 8: REAL BARRIERS OF CREATING WEBSITE**

	TOTAL	U.S.	U.K.	INDIA	CHINA	GERMANY	FRANCE	TURKEY
BASE: Companies with a website	(n=856)	(n=132)	(n=131)	(n=101)	(n=122)	(n=136)	(n=117)	(n=116)
Technical know-how	27%	22%	23%	36%	40%	13%	27%	31%
Ongoing website maintenance	42%	39%	35%	54%	67%	33%	31%	37%
Cost to develop website	17%	8%	12%	30%	25%	6%	23%	22%
Cost to support website	22%	19%	17%	34%	32%	15%	19%	21%
Security of the online presence	26%	17%	15%	49%	63%	15%	11%	20%
Personal time investment	26%	25%	30%	32%	26%	21%	27%	24%
None of these	18%	28%	26%	7%	1%	31%	15%	10%

**Q: Which, if any, of the following did you find to be real barriers *after* you completed the process of creating your company’s website?**

**FIGURE 9: PERCEIVED BARRIERS OF CREATING WEBSITE**

	TOTAL	U.S.	U.K.	INDIA	CHINA	GERMANY	FRANCE	TURKEY
BASE: Companies with a website	(n=856)	(n=132)	(n=131)	(n=101)	(n=122)	(n=136)	(n=117)	(n=116)
Technical know-how	50%	45%	52%	51%	64%	35%	53%	50%
Ongoing website maintenance	47%	51%	37%	52%	74%	33%	44%	44%
Cost to develop website	43%	45%	43%	51%	52%	31%	45%	40%
Cost to support website	38%	46%	33%	45%	51%	24%	37%	36%
Security of the online presence	37%	30%	23%	58%	80%	20%	32%	27%
Personal time investment	37%	33%	35%	36%	48%	31%	46%	28%
None of these	10%	10%	16%	7%	-	20%	5%	8%

**Q: Which, if any, of the following did you perceive as barriers *before* creating your company’s website?**

## CONCLUSIONS AND OPPORTUNITIES

Overall, almost four out of five (79 percent) participants said they are likely to search online for information about a local store or service, with results consistent across most countries (India being the exception at 68 percent). These results are similar to numerous other studies reinforcing the importance of a Web presence for small businesses to be found by customers.

Moreover, considering that search trends are moving toward mobile search, the fact that only 21 percent of participants in this research said their small business has a mobile version of their company's website shows there is a huge opportunity for small businesses to improve their company's digital experience for customers. Even in China, which has one of the highest mobile search rates in the world, only 45 percent of respondents reported having a mobile website. There are many free and low cost ways to easily create a mobile version of an existing website that these small businesses should look into.

Additionally, 41 percent of respondents said they chose to create a website for their small business to support e-commerce/online sales with more than three-quarters (78 percent) of respondents in China citing this reason. Forrester Research predicts e-commerce sales will represent eight percent of all retail sales in the U.S. by 2014, up from six percent in 2009. In Western Europe, Forrester expects a slightly faster growth rate (11 percent) for online retail sales to \$156 billion (€114.5 billion Euros) in 2014.<sup>6</sup> There is a huge opportunity for small businesses to get a piece of this pie by developing websites and incorporating e-commerce tools. E-commerce platforms also allow businesses to seek consent to collect valuable customer contact information as part of the checkout process. Collecting customer contact information allows for direct communication with customers about new offers and promotions to draw them back to a website for repeat business. In order to streamline the customer experience online and foster optimal e-commerce functionality, businesses need to also have mobile sites.

Lastly, across all countries, only half of respondents (51 percent) knew that a purchased domain name could be set up to point to another online service - with awareness of this option lowest in the U.S. (38 percent) – and only about one-third (37 percent) of those not using branded email were aware that it is an option even with no website. Increased awareness of these options could provide the incentive small businesses need to invest in a domain name today to help ensure they are able to secure their desired domains for a future website. Otherwise, once they decide to build a website, they may find their domain of choice has been reserved by someone else.

Once a business establishes a solid online presence, making smart marketing decisions that get customers to its site is critical. A business' online presence should be at the center of its marketing efforts, and a domain name should be at the center of every online presence. It's up to businesses to garner customer interest, and building and investing in an online presence is one of the most effective ways of doing that.

For more information on how to build and grow an online presence, including how to purchase a domain name, visit [VerisingInc.com/SmallBiz](http://VerisingInc.com/SmallBiz).

## ABOUT VERISIGN

As the global leader in domain names, Verisign powers the invisible navigation that takes people to where they want to go on the Internet. For more than 15 years, Verisign has operated the infrastructure for a portfolio of top-level domains that today includes .com, .net, .tv, .cc, .name, .jobs, .edu and .gov, as well as two of the world's 13 Internet root servers (A & J). Verisign's product suite includes Managed DNS, DDoS Protection and iDefense Security Intelligence Services. To learn more about what it means to be powered by Verisign, please visit [VerisignInc.com](http://VerisignInc.com).

6. Forrester Research, [U.S. Online Retail Forecast, 2009 To 2014](#), (Nov. 2010).



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