Influences of Search Engine Optimization on Performance of SMEs: A Qualitative Perceptive

Stella Tomasi, Department of e-Business and Technology Management, Towson University, Towson, MD, USA

Xiaolin Li, Department of e-Business and Technology Management, Towson University, Towson, MD, USA

ABSTRACT

Search engines have become an important channel for increasing SMEs’ global reach as well as competing with larger companies. Therefore, SMEs are enhancing their business visibility through search engine optimization (SEO). With effective SEO techniques, small companies can appear ahead of large, well-known companies on search results. However, in addition increasing the ranking on a search engine results page (SERP), there may be other benefits that SMEs may enjoy while engaging in an SEO campaign. This study uses multiple firms as cases to illustrate how SEO initiatives can impact performance for SMEs. The authors found that in addition to increasing the rankings on SERPs, SMEs saw an increase in number of visitors to the site, the average time duration of users visiting the site, more user engagement and an increase of annual sales revenue.

Keywords: Brand Management, Case Studies, Search Engine Optimization (SEO), Small Medium Enterprises (SMEs), Websites

1. INTRODUCTION

A small and medium-sized enterprise (SME), which refers to a business with fewer than 500 employees, independently owned and operated, and not dominant in its field of operation, plays a significant role in the growth and change of economies (Trumbach et al., 2006; Ramdani et al., 2009; Obafemi, 2009) in international markets. Although many believe that firm size is a key dimension in labeling SMEs, Pett and Wolff (2012) state that this is not an ideal measure and is viewed as benign by SME managers and owners. Nevertheless, we follow Wolff and Pett (2000) by defining SME by identifying three categories of firm size: micro-firms (under 25 employees), small-sized firms (26-100 employees) and medium sized firms (101-500 employees). Factors that distinguish SMEs from larger firms is the available resources within

DOI: 10.4018/jeco.2015010103
the firm, the level of innovativeness and ability to take risks (Westerberg and Wincent, 2008). Furthermore, SMEs contribute to job creation (Clark III and Moutray 2004) and can be the basis to become future large companies (Monk 2000). Therefore, studying SMEs can enhance our understanding of their growth and development (Abouzeedan, 2011) and due to their significance to local economies, it is also necessary to study and evaluate their performance (Acs 1999). Saeed et al. (2005) found insights into the drivers of performance for e-commerce organizations. Since organizations find it difficult to build and sustain a competitive advantage on the Internet, they were able to identify that companies with high ecommerce competence had higher levels of firm performance, which was mediated by Web site functionality. This is an important finding, since performance is related to partially to how well the customer is able to find information on the Website.

As Internet technologies have been changing the way business is conducted, SMEs are investing in such technologies and taking advantage of e-commerce to access global markets and to compete with larger companies in their industries. e-Commerce sales grew from 72 billion US dollars in 2002 to 228 billion US dollars in 2010 (www.statista.com). For SMEs, creating a website that allows online transactions is the easy part. The more daunting task lies in making the website visible to potential customers when they search for product information. Search engines have become an important channel for increasing SMEs’ global reach as well as competing with larger companies.

Search engines are likely to have a significant impact on business performances. They are not only convenient information tools but also powerful agents of a transformation that makes the business environment more transparent and more competitive (Rangaswamy et al., 2009). The display of search results into meaningful groups and sequence of items are important characteristics on how information is viewed (Kleinmuntz & Schkade, 1993). Furthermore, the sequence of results significantly influences the way users process the information on the page (Hogarth & Einhorn, 1992).

Internet users expect the most relevant results to be listed at the top of a SERP and may have expectations that the ranking of search results are relevant to their search terms (Rowley 2004). Research shows that the higher the website ranks on a SERP (search engine results page), the greater the likelihood that the website will be visited by a user (Enge et al., 2012). Users also believe that companies whose websites appear at the top of SERPs are the top companies in that field of search (iProspect, 2006). This kind of ranking schema has also been verified in a study (Enquiro, 2007), which investigated how car buyers perceived the best fuel efficient car on a SERP. When the brand name car, Honda, was placed in the first position on the SERP, users perceived it as more fuel efficient; however, when Honda was not placed in the first page, users did not perceive it to be important. Research has also shown that users do not look past the first two or three pages of the result set (Roussinov & Chen, 2001). Therefore, the need to increase the ranking of a website which is possible through search engine optimization (SEO) has become an increasingly important for many organizations, specifically for SMEs who could be left behind in the global marketplace if they do not engage in this marketing channel.

SEO is the process of improving the visibility of a website through organic searches on a search engine results page through different ranking algorithms. Industry observers argue that companies should pursue organic search rankings if their goal is to obtain a long-term, sustainable branding impact (Noaman, 2006). Moreno and Martinez (2013) state “In addition to mere presence on the web, it is increasingly important for businesses that their site be ranked more highly than those of their competitors on SERPs (pg. 564). In their study, they found overlaps in SEO and web accessibility. Therefore, there are other factors that can be gained with SEO in addition to just improving the rankings on SERPs.
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