

**THE EFFECTIVENESS OF WEB 2.0 TOOLS TO ENHANCE THE SMEs
PERFORMANCE**

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**A STUDY ON THE EFFECTIVENESS OF WEB 2.0 TOOLS TO ENHANCE
THE SMEs PERFORMANCE**

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DEDICATION

This research paper is lovingly dedicated to my respective parents, Mr. Manimaran and Mrs.Saraswathy, who have been my constant source of inspiration. They have given me the drive and discipline to tackle any task with enthusiasm and determination. Without their love and support this project would not have been made possible.

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ABSTRAK

Generasi baru aplikasi internet dikenali sebagai media sosial atau Web 2.0 menawarkan perbadanan pelbagai jenis peluang untuk meningkatkan kecekapan pemasaran dan operasi dalaman. Aplikasi Web 2.0 telah menjadi sebahagian daripada kehidupan peningkatan jumlah pengguna yang menganggapnya sebagai saluran utama komunikasi, pertukaran maklumat, perkongsian kepakaran, penyebaran kreativiti individu dan hiburan. Weblog, Podcast, forum dalam talian, dan rangkaian sosial yang pesat menjadi sumber utama pertukaran maklumat pelanggan. Menggunakan alat-alat pemasaran Web 2.0 merupakan satu isu menarik perhatian yang semakin meningkat. Pengalaman sebelum ini adalah bahawa perbadanan awam yang besar adalah, atau mungkin untuk menggunakan instrumen seperti sebahagian daripada pemasaran dan operasi dalaman (McKinsey 2007). Web 2.0 mencari untuk cara yang berbeza teknik-teknik ini digunakan oleh firma besar dan membuat beberapa cadangan asas pada pendekatan bahawa perusahaan yang lebih kecil harus diambil kira dalam menerapkan Web 2.0 konsep sebagai sebahagian daripada strategi pemasaran langsung mereka. Kajian ini mentakrifkan Web 2.0 fenomena dan berdasarkan pengalaman syarikat-syarikat besar mengkaji bagaimana PKS boleh melibatkan pelbagai instrumen untuk memasarkan produk dan perkhidmatan mereka dengan cekap, meningkatkan prestasi PKS dengan meningkatkan jualan dan keuntungan. Kajian ini terutamanya memberi tumpuan kepada sektor perkhidmatan yang “Spa Health and Care”

Kata Kunci: PKS , Web 2.0 , Pemasaran

ABSTRACT

The new generation of internet application widely known as social media or Web 2.0 offers corporation a whole range of opportunities for improving their marketing efficiency and internal operations. Web 2.0 application has already become a part of life of an increasing number of consumer who regard them as prime channels of communication , information exchange ,sharing of expertise, dissemination of individual creativity and entertainment. Weblogs, Podcast, online forums, and social network are rapidly becoming major sources of customer information exchange. Using the Web 2.0 marketing tools is an issue attracting increasing attention. The hitherto experiences are that large public corporation are, or likely to make use of such instruments as part of their marketing and internal operation (McKinsey, 2007).Web 2.0 looking to different ways these techniques are utilized by large firms and makes some basic recommendation on approaches that smaller enterprises should consider in embedding the Web 2.0 concepts as part of their direct marketing strategies. This study defines the Web 2.0 phenomena and based on the experiences of large corporations examines how SMEs could engage the various instruments in order to efficiently market their product and services, enhance the SMEs performance by increasing the sales and profits. This study especially focuses on the service sector which is Spa Health and Care.

Key Words: SME, Web 2.0 tool, Marketing

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter provides a brief overview of the study presented in this research. This chapter introduced the problem statement, research question, research objective, scope, significance of the research, and as well as the limitations of this research. The researcher also explains the definition term of this research.

1.1 Background of the Study

This chapter discussed about the background study of this research about the SME (Small and Medium Enterprises) profile, the innovative tools of Web 2.0, the marketing in SMEs especially focusing in the service sector which is Spa Health and

Care. The researcher describes about the effectiveness of using the Web 2.0 tools to enhance the SME performance and also this study will focus on the innovative marketing tool in marketing field. The particular emphasis will be on SMEs which is focusing on Spa Health and Care in area of Selangor due to the Selangor is the industrial area which contains 2113 SMEs.

1.2 Problem Statement

There are many ways to generate the awareness to the SMEs on Web 2.0 marketing tools due to the ICT world. If we continue to believe that there are some reasons, many SMEs does not aware about the Web 2.0 marketing tools in their small business to sell their goods and services. We never understood was the larger question of why a part of SMEs doesn't use the Web 2.0 marketing tool in their own organization?

Researcher clearly understands that the failed of SMEs using Web 2.0 tools was bring back out from their business field due to lack of technological field skill and knowledge to control the process of Web 2.0, not clear planning and the lack of adopting new tools which is the Web 2.0 in their own organization. According to Akomea, 2012 the use of Web 2.0 tool to increase productivity is one of the problems being faced by SMEs presently due to the lack of knowledge on the benefit of Web 2.0 in their businesses. They are still using the traditional tools to stay competitive. Given the chances SMEs can identify the current economic possibilities and benefits in adopting ICT. The SMEs does not focus the marketing as a huge part of business due to several cost needed in this field. The one of the reason is marketing appear in cost. So the SMEs do not willing to take the risk in business.

According to Azab (2013), the lack of time for SMEs to understand the use of Web 2.0 correctly and for being prepared to change their way of approaching

customers is the other problem that faced by SMEs. In order, researcher asserts that the effectiveness of social network of web 2.0 tools are one of the supplements for the SMEs performance towards the positive benefits. The adoption of new technology can provide the SMEs with valuable information, increase knowledge, improved performance, improve relationships with customers and suppliers, increase efficiency, reduce cost of production among others.

The aim of this research study identifying the effectiveness of Web 2.0 marketing tool to enhance the SMEs performance. This study contributes to the body of knowledge needed and address the problem by answering the following question:-

1.3 Research Question

They are three research questions are formatted from problem statement by the researcher as per below:

- I. What are the main factors that influence the effectiveness of Web 2.0 to enhance the SMEs performance?
- II. What is the impact of Web 2.0 marketing tool towards SMEs performance?
- III. Which are the most utilize tools of Web 2.0 to enhance the SMEs performance?

1.4 Research Objective

The researcher things formulated three objectives as per below:

- I. To identify the main factors that influences the effectiveness of Web 2.0 to enhance the SMEs performance.
- II. To analyze the impact of Web 2.0 marketing tool towards SMEs performance.

- III. To identify the most utilized tools of Web 2.0 to enhance the SMEs performance

1.5 Scope of study

The purpose of this study to propose to identify the effectiveness of Web 2.0 tools to enhance the SMEs performance. And this study also determines the impacts on SME's performance by creating new marketing tools in the marketing field to the SMEs. Furthermore, the studies are predicting that the SMEs are aware about the Web 2.0 marketing tool in their business strategy.

1.6 Limitation of study

There are some unavoidable limitations in this research. Firstly, this research is conducted in Selangor and the entire questionnaire based on the effectiveness of Web 2.0 tools are from management of marketing department staff. This sample is too small and consist 20 pilot tests. The researcher assumed that the respondent have provided honest and correct answers to the questionnaire given. Secondly, the location of the research will be the one of the limitation of this study because it's quite far away from Malacca to Selangor. Even though, the researcher will conduct the questionnaire by online or by phone call it's playing some cost for the researcher to conduct this study.

1.7 Significant of the study

This study was significant of effectiveness of the marketing tool which is Web 2.0 drives the SME to improve their performance by using the Web 2.0 in their marketing strategy. This study was also being beneficial for the management employees in their strategic management. Moreover, this study was helpful to small and medium enterprise (SME) and informing them in the area of marketing management, objectives and strategies. Other than that, it was also to serve as a future reference for researcher on the subject of Web 2.0 and SME. Lastly, this study was analyzing the strategy of using Web 2.0 marketing tool within their organization.

1.8 The Definition of Term

This study describes about definition of term the innovative marketing tool of Web 2.0, the SME profile category SMEs in Malaysia and the SME performance.

1.8.1 Small and Medium- sized Enterprise (SMEs)

According to the Ministry of international Trade and Industry (MITI, 2012) definition of Small Medium- sized Enterprise is to encourage recognizable proof of SMEs in the different parts and subsectors. This has encouraged the Government to form compelling improvement approaches, help programs and also procurement of specialized and budgetary support.

Table 1.8.1.1: New SME Definition Based On Size

New SME Definition Based on Size			
Category	Micro	Small	Medium
Manufacturing	Sales turnover of less than RM300,000 OR Employee of less than 5	Sales turnover from RM300,000 to less than RM 15 mil OR Employee from 5 to less than 75	Sales turnover from RM15 mil to not exceeding RM50 mil OR Employee from 75 to not exceeding 200
Services and other sector	Sales turnover of less than RM300,000 OR Employee of less than 5	Sales turnover from RM300,000 to less than RM 3 mil OR Employee from 5 to less than 30	Sales turnover from RM3 mil to not exceeding RM20 mil OR Employee from 30 to not exceeding 75

Source: Economic /SMEs Census 2011 by Department of Statistic Malaysia

1.8.2 SMEs Profile

Table 1.8.2.2: The Number of Establishment OF SMEs

Number of Establishment	ECONOMIC CENSUS 2011 (References Year 2010)			
	Total	SMEs	% of SMEs Over Total SMEs	% of SMEs Over Total SMEs
Services	591883	580985	98.2	90.0
Manufacturing	39669	37861	95.4	5.9
agriculture	8829	6708	76.0	1.0
Contraction	22140	19283	87.1	3.0
Mining & Quarrying	418	299	71.5	0.1
Total Establishment	662939	645136	97.3	100

Source: SMEs Annual report Malaysia, 2011/2012.

1.8.3 Service Sector

There are different types of services in SMEs such as computer processing services, passenger car rental, beauty and health care and insurance agent. In Selangor there are quite many SMEs on the beauty and Health care services. Future areas that hold opportunities for SMEs are due to emergence of innovations in healthcare services and entrance of new service providers along the value chain. This trend is likely to create new direct and indirect business opportunities for SMEs to generate the revenue.

1.8.4 Web 2.0

According to the Andrew Pauxtis (2010), Web 2.0 is the name given to a social and economic trend to the Internet that first appeared in its rudimentary form from 2001. The definition of Web 2.0 is broad and typically disputed among researchers and for the most part, is still being defined.

The creating of Facebook and MySpace pages, reading blogs, watching YouTube videos, and joining in on forums. With instant messaging and webcams that connect us with distant family and colleagues, the collaborative, user-contributed nature of Web 2.0 has moved from the domain of teenagers to the entire world. Lately, many businesses have started using Web 2.0 to work more efficiently, communicate more widely, and compete on a different level. Although nowadays many organizations are not aware of the Web 2.0 in their business strategy.

It is a generation of technology deployed on the web loosely associated with a set of principles that they help to fulfill, including a rich user experience, a high-level of interaction, both user-to-user and application-to-application, and the radical decentralization of the web (Lewis, Goto, & Gronberg, 2011). A similar definition is 'a collaborative web development platform that has had tremendous usage in building effective, interactive, and collaborative virtual societies at home and abroad (Hossain & Aydin, 2011).'

1.8.5 Marketing

According to Reijonen (2010), found that the marketing is from a SMEs general point of view, marketing can be described as "a means to inform the

customer about the firm, its products, and services.” SMEs believe marketing is also interested in creating and maintaining customer relationships.

1.8.6 Social Media Marketing (SMM)

Social Media Marketing is marketing through the use of social media or social networking sites. SMM techniques often exist to increase brand awareness, increase sales, improve customer service, and implement marketing campaigns (Mangold & Faulds, 2009).

1.8.7 SME Performance

Investigate of an organization’s performance as compared within corporate goals and objectives. They are three outcomes of analyzing financial performance, market performance and shareholder value performance. According to P.Manik Hamann (2013) enhance organizational performance through management methods and instrument which are strategic planning, zero budget, balanced scorecard.

1.9 Summary

From this, chapter researcher validates to highlight the important of SMEs in the development and growth of national economies. There is no doubt, those SMEs play a vital role in develop as well as developing economies equally. The enhancement of organization performance should from the effectiveness of Web 2.0 marketing tool. This marketing tool is a good opportunity to the SMEs to generate their business to their customers and suppliers.