

**THE POTENTIAL OF MOBILE MARKETING FOR ADOPTION TO
ENHANCE PROMOTIONAL STRATEGY IN SMEs, MALAYSIA.**

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DECLARATION OF ORIGINAL WORK

“I hereby declare that this report is the result of my own, except certain explanation and passage where every of it is cited with source clearly”

Signature :

Name :

Date :

DEDICATION

I would like to dedicate the appreciation to my family members who supported me in terms of spiritual and financial, beloved supervisor and panel who guided me throughout the research and course mates that assisted me through the journey of the research.

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ABSTRACT

Nowadays, the number of SMEs has been increase year by year. The long period to sustain the business of SMEs was depending on the knowledge about marketing because marketing is one of the important roles of SMEs to sustain and establish their business. Promotional strategy is one of the important elements in the marketing. Promotional strategy can improve the business through the good adoption and implementation of mobile marketing. Researcher wants to identify the potential of mobile marketing for adoption to enhance promotional strategy in SMEs Malaysia. Researcher was used explanatory research method by testing the theory from previous research and other source. This study was conducted by using the quantitative research method. It was important to consider the variables in this research as the main subject to test framework. Variables work as the key point for the hypothesis. The data for this study were being collected using questionnaire from 62 respondents in Melaka, Malaysia. The collected data was analysed and discussed. The results showed three significant factor that influence the adoption of mobile marketing for promotion strategy which are relative advantage, financial resources and customer pressure while the other three factor that not significant ware cost, employee capability and competitive pressure. As conclusion, this study will help SMEs to realize the potential of mobile marketing as the main role in building company promotional strategy.

Keywords: Mobile Marketing, Promotional Strategy, SMEs Malaysia

ABSTRAK

Pada masa kini, bilangan PKS telah meningkat tahun demi tahun. Tempoh yang panjang untuk mengekalkan perniagaan PKS bergantung kepada pengetahuan mengenai pemasaran kerana pemasaran merupakan salah satu peranan penting PKS untuk mengekalkan dan menubuhkan perniagaan mereka. Strategi promosi adalah salah satu elemen penting dalam pemasaran. Strategi promosi boleh meningkatkan perniagaan melalui penerapan dan pelaksanaan pemasaran mudah alih yang baik. Penyelidik ingin mengenal pasti potensi pemasaran mudah alih untuk menerima pakai dan meningkatkan strategi promosi di PKS Malaysia. Penyelidik menggunakan kaedah penyelidikan penjelasan dengan menguji teori dari penyelidikan terdahulu dan sumber lain. Kajian ini dijalankan dengan menggunakan kaedah penyelidikan kuantitatif. Adalah penting untuk mempertimbangkan pemboleh ubah dalam penyelidikan ini sebagai subjek utama kepada rangka kerja ujian. Pemboleh ubah berfungsi sebagai titik utama untuk hipotesis. Data untuk kajian ini dikumpulkan menggunakan soal selidik dari 62 responden di Melaka, Malaysia. Data yang dikumpul dianalisis dan dibincangkan. Hasilnya menunjukkan tiga faktor signifikan yang mempengaruhi penerapan pemasaran mudah alih untuk strategi promosi ialah kelebihan relatif, sumber kewangan dan tekanan pelanggan manakala tiga faktor lain yang tidak signifikan adalah kos, keupayaan pekerja dan tekanan kompetitif. Sebagai kesimpulan, kajian ini akan membantu PKS merealisasikan potensi pemasaran mudah alih sebagai peranan utama dalam membangunkan strategi promosi syarikat.

Kata kunci: Pemasaran Mudah Alih, Strategi Promosi, PKS Malaysia

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LIST OF ABBREVIATIONS

ABBREVIATIONS	MEANING
FYP	Final Year Project
SMEs	Small and Medium Enterprises
IMC	Integrated Marketing Communication
ICT	Information and Communication Technology
TOE	Technology-Organisation-Environment
Ho	Null Hypothesis
Ha	Alternative Hypothesis
SPSS	Statistical Packages for Social Science

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 Study

Nowadays, the promotion strategy is important for SMEs, especially through mobile marketing for SMEs companies because through mobile marketing customer can know about the existence of the company in the market as the world at fingertips. As one of the elements in marketing mix, promotion can be defined the activity that communicate the qualities of the product and influence the target customers to buy it. Mobile marketing was one of the elements in online marketing.

According to SMECORP Malaysia (2016), there has been 98.5% business that has been established in Malaysia was SMEs with a total of 907,065 establishments.

Based on size, 76.5% was micro business, 21.2% was small business and 2.3% was medium business. Furthermore, 89.2% was focusing on service sector and 5.3% was based on manufacturing.

Based on survey conduct by SMECORP Malaysia for the third quarter 2016 (3Q2016) and first quarter 2017 (1Q2017), stated that majority of SMEs respondent used computers, smartphone, and the internet in daily business operation. In addition, 7.4% of respondents has utilised e-commerce marketplace where 27.2% have participated in online business and 85.4% selling their products and services by social media such as Facebook and Instagram. However, the adoption of smartphone for daily business operation in SMEs has shown decreases from 3Q2016 to 1Q2017 which 90.4% to 77.6%.

In this study, SMEs need to know the good promotional strategy to build up the more potential of mobile marketing to help the performance of the company.

This research was made because researcher wants to identify several issues about promotional strategy that occur in SMEs industry. The chosen issues were to identify the potential of mobile marketing for adoption towards SMEs and to find out the understanding of SMEs to using mobile or smartphone as their marketing tools.

1.2 Problem Statements

Promotion strategy was one of the aspects leading to the achievement of business. Unfortunately, there were many company that unsuccessful the execution of a marketing by mobile. This might be because of lack of knowledge to implement of marketing or promotional strategy. Berman (2016) in his study stated even there is an increase of usage of smartphone but there is proof of poor planning and utilization that required firm or organization to adapt the change.

The potential of mobile marketing sometime can be doubtful especially in promoting the product of the brand as many business entity not see the capabilities of

mobile marketing. The state of mind for the brands managers, who are an official choice producers if there should be an occurrence of media choice for correspondence of their image at times, stay doubtful of its abilities this may be on account of that mobile marketing does not give access to the correct sort of client to their brands (Gupta, 2011)

Even most of the research stated that mobile marketing was cost effective and more saving to be implement compare to other marketing method but Maduku, Mpinganjira & Duh (2016), in their research stated that the start-up cost for implement mobile marketing was high due to good software purchase or online package. This scenario will lead to SMEs to be more cautious to spending the capital.

1.3 Research Objective

1. To identify the level of usage of mobile marketing in SMEs.
2. To identify the factors that influencing the potential of mobile marketing for adoption to enhance promotional strategy in SMEs, Malaysia.
3. To analyse the most influential factor of potential of mobile marketing for adoption to enhance promotional strategy in SMEs, Malaysia.

1.4 Research Question

1. What is the level of usage of mobile marketing of SMEs in Malaysia?

2. What are the factors that influence the potential of mobile marketing for adoption to enhance promotional strategy in SMEs, Malaysia?
3. What is the most influential factor of potential of mobile marketing for adoption to enhance promotional strategy for in SMEs, Malaysia?

1.5 Scope of study

The scope of this study only focused on the SMEs in Malaysia. The topic that was being discussed in this study was about the potential of mobile marketing for adoption to enhance promotional strategy in SMEs Malaysia. This study was to find out the level of usage of mobile marketing in SMEs Malaysia. This study also to identify some of issues that were related with SMEs which are to identify the factor that influence the potential usage of mobile marketing towards SMEs in Malaysia. Furthermore, this study was to identify the relationship between mobile marketing and SMEs Malaysia. This study was to find out whether the mobile marketing can give effect to the SMEs service sector or not.

Based on this study, the researcher wants to look either the finding of this study were come out with the positive result where achieved.

1.6 Limitation

The limitation that was being faced while doing the research was the respondents not answering the questionnaire with their honest and not give the opinion.

Furthermore, many SMEs not gives cooperation to answer the questionnaire. The respondent has adequate knowledge about the topic the researcher wants to do which was about the mobile marketing. In addition, respondent including the owner of SMEs in Malaysia lack of experience about the mobile marketing. All this can bring to the limitation of this research and the result also.

1.7 Important of the study

The result of this study were helping the SMEs Malaysia to improve the promotional strategy in enhancing the performance of the company. This study was providing the solution for the SMEs to use the better of promotional strategy that focuses on the mobile marketing. This study also helps the SMEs in Malaysia to more understand the concept of mobile marketing in enhancing promotional strategy. This study not only can use for SMEs Malaysia but for any other business entity.

1.8 Summary

In this chapter, the issues that have been mentioned were about basic detail about the potential of mobile marketing towards SMEs promotional strategy in Malaysia. It

all explains the background of the study, the problem in the SMEs especially about the mobile marketing, the research question, the research objective and the scope of the study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, the main topic that was being discussed all the definition of the parameters. The definition of the parameters was being backup based on the previous research that doing by another researcher. This study has many references materials such as websites, journal, article, and book. The purpose of this chapter was to identify what was already about an area of study. It also identify question a body of research had not answer and why the further study of the research question is important to a field. In, addition, this chapter can be used to understand about the conceptualized.

2.1 Marketing

According to Kotler & Armstrong (2014), marketing is the process by which companies create value for customers and build strong customer relationship in order to capture value from customer in return. Kucuk (2017) stated that there are four major component in marketing which are creating, exchanging, delivering, and communication which offering that have value for consumer. Every successful business is depend on the marketing as most aspect of the business is covering by the good marketing strategy and how to deliver the value and get back in return.

2.2 Promotion Strategy

Promotion is one of the element in the marketing mix, which primary task is to advise clients about the product's accessibility and to influence them that the particular product is superior to those of competitors and empowers companies to communicate with client (Hisrich & Ramadani, 2017). Meanwhile, Kucuk (2017) highlight promotion must focuses on developing appropriate communication with consumers about the company and its products and services which will benefits from the disciplines of human psychology and sociology in its use of art and a variety of communication tools. The main important thing for promotion is to ensure that consumer aware about the product and brand so that the value can be deliver and expected the return.

2.3 Integrated Marketing Communication (IMC)

IMC is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programmes over time with consumers, customers, prospects, and other targeted, relevant external and internal audiences (Schultz & Shultz, 2004). Effective marketing communication relies on a combination of tools called the communication marketing mix or known as promotion mix that include Advertising, Public relations, Sales promotion, Direct marketing, and Personal selling which were used to describe the set of tools that a business can use to communicate effectively the benefits of the products or services to its customers (Todorova, 2015).

2.4 Direct Marketing

Direct marketing is one of the fastest growing sector in global economy where organizations communicate directly with their target customers to generate reaction and/or transaction (Todorova, 2015). Hamann & Papadopoulos (2013) define direct marketing as a system of marketing where the marketer communicates directly with a customer with the goal that the interaction will exact a measurable response and/or transaction. It believe that direct marketing is really attractive to many marketers as the positive result can be measured directly and the internet make it more easier for marketers to measure the results .

2.5 Mobile Marketing

Consumers' Internet routine is nowadays characterized by a multidevice experience, in which mobile devices like smartphone and tablet that provide wireless access to the Internet through mobile network technologies (Fritz, Sohn, & Seegebarth, 2017). The Mobile Marketing Association (2009) defined mobile marketing as a set of practices that enable organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network. Ismail et al. (2016) believe that mobile marketing is a broadly utilized as major instrument by marketing specialists to comprehend the relationship among customers.

There are several methods also known as mobile marketing channel that provided by mobile network which are mobile applications, mobile advertising, QR code, mobile social media and Location Based Marketing (LBM) that used to reach mobile users (Amirkhanpour, Vrontis, & Thrassou, 2014). Nowadays, as many consumer owned and spend most of their time with smart phone rather than laptop or computer, it will benefit the marketers to reach a far wider and diverse audience by applying the mobile marketing in their business.

2.6 ICT Adoption

Recent advancement in ICT, particularly the utilization of mobile technology in marketing offer incredible open doors for business to enhance their marketing abilities and the adoption of this innovation speak to a creative method for leading business action (Maduku, Mpinyanjira & Duh, 2016). Meanwhile, Alonso-Almeida & Lluch (2014) stated that the adoption of ICT has become a factor for companies to enhance their competitiveness as it seem crucial in their customer relationship since ICT can facilitate being part of network and lead to more direct communication. ICT likewise importantly affect business in develop and developing nations which it making new open doors by empowering outline and conveyance of digitals products, enabling firm to expand edge and income by getting to foreign market straightforwardly (Ashrufi, 2012).

2.7 Definition of SMEs

Small and medium enterprises are comprising of more than 90% of the business around the world where in the developing countries SMEs contribute to the GDP, poverty alleviation, creating jobs, and have many other benefits which are crucial (Akbar et al., 2017). The definition or classification of small and medium enterprises differs from country to country (Gbandi & Ammisah, 2014) in which some researchers use capital assets, while some have resorted to the use of labour skills and turnover levels (Maduku, Mpinganjira, & Duh, 2016).

In United States, the definition of SMEs varies according to the sector in which the company operates where the US Small Business Administration (SBA) defined SMEs as have fewer than 500 employees or an annual turnover of less than US \$5 million (Orrichio et al., 2017).

Besides, ASEAN member states define their SMEs using different criteria (González, 2017). Indonesia and Malaysia, for instance, define SMEs as companies