THE EFFECTS OF VIRAL MARKETING ON SALES PERFORMANCE IN SMES FOOD INDUSTRY

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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This report is presented as

fulfilling some of the terms for the award

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‘I herewith announced that I had read through this thesis and in my sentiment that this thesis is adequate in terms of scope and quality which satisfy the necessities for the awards of Bachelor’s Degree of Technopreneurship with Honour’

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DECLARATION OF ORIGINAL WORK

"I hereby declare that this paper is the outcome of my own, exclude certain clarifications and passage where every of it is cited with reference clearly."

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DEDICATION

I would like to devote the gratitude to my family members who affirmed me in terms of spiritual and financial, beloved supervisor Miss Sitinor Wardatulaina Mohd Yusof and panel Prof. Datuk Dr. Izaidin Abdul Majid who guided me throughout the research and course mates that helped me through the journey of study.

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ABSTRACT

This paper accounts on the effect of the viral marketing on the sales performance in SMEs food industry. The research analysing and aimed the use of viral marketing and the effects it has on the sales performance in SMEs food industry in Malaysia. The research was conducted in four regions in Malaysia. The sample contained of 150 SMEs companies, picked out using a bedded sampling technique, with the respondents completing the questionnaire. The result exposed that the majority of respondents were either neutral or distressed that the people create a positive statement about their companies through viral marketing. The findings are quite detailed by using the explanatory study and quantitative nature. Generalizing should be better only if the samples are including more regions.

Keywords: SMEs, viral marketing, sales performance, food industry, financial performance, create awareness, trigger interest and sales generated.

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ABSTRAK

Kertas kajian ini melaporkan kesan pemasaran viral terhadap prestasi jualan di dalam PKS industri makanan. Penyelidikan ini menganalisa dan bertujuan untuk menggunakan pemasaran viral dan kesannya terhadap prestasi jualan industri makanan PKS di Malaysia. Penyelidikan ini dijalankan di empat kawasan di Malaysia. Sampel terdiri daripada 150 syarikat PKS, dipilih menggunakan teknik pensampelan bemat bersama responden yang menjawab soal selidik. Hasilnya mendedahkan bahawa majoriti responden sama ada neutral atau tertekan dengan orang-orang membuat kenyataan positif mengenai syarikat-syarikat mereka melalui pemasaran viral. Penemuan ini agak terperinci dengan menggunakan kajian penjelasan dan sifat kuantitatif. Secara umum nya, harus lebih baik hanya jika sampel termasuk lebih banyak daerah.

Kata kunci: PKS, pemasaran viral, prestasi jualan, industri makanan, prestasi kewangan, mencipta kesedaran, pencetus minat dan penghasilan jualan.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

A brief overview of the project and contextual in the research was provided in this chapter. The primary determination of this research is to find out what is the effects of the viral marketing towards the sales performance in the SMEs food industry within Malaysia. Problem statement, research question, research objective, significant of this research, scope, and also with the limitation of the research was introduced. The definition of terms in this research also defined by the researcher.

1.2 Background of Study

SMEs has a very dissimilar meaning and definition from one country to one country. The researcher study about the SMEs detailed in the food industry in Malaysia. Correspondingly, according Madanchian, Hussein, Noordin, & Taherdoost (2016) SMEs in the aspects of service can be state as one of the categories or sector with round-the-clock employees that are over 50 or with the annual sales turnover that

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are not more than RM5 million. Moreover, the significance of the SMEs in the economy cannot be overstressed it will necessitated the policy restructurings and responses (Analysis, Titus, Tochukwu, & Chidi, 2016) while Shamsuddin (2014) stated that in order to see and recognise the important of the SMEs economically, abundant of government programmes was implemented. In every SMEs or businesses in industry, doing a marketing is the main structure or backbone to them as marketing can creates profits. Marketing have plenty definition and some people define marketing as to satisfied customer needs which involves in the promotion and advertising based on the 4Ps in the marketing mix itself. Marketing also have few types such as ambush, digital and many more. In this study, researcher is focusing on the viral marketing that is already widespread in Malaysia for few many years like a virus. This method is a must as it also emphasizing the uniqueness of marketing strategy through networking. This technique shall able to benefits the company performance (Storey, 1994) and new policies also play a part in the increments of the SMEs performance (Shamsuddin, 2014).

Viral marketing has a way in seeding consumers from a population as to encouraging a faster adoption of a product within entire population (Stonedahl, Rand, & Wilensky, 2010). As a matter of fact, engagements from a SMEs can be perform especially in the food industry consumers because of the consumer tends to seeks out about the product they see or been viral. Viral marketing is representing of the latest online customer-centric promoting as responding to trends and demand of consumers. A considerable success in a marketing phase and the expansion process in covering the viral marketing that has been demonstrated especially in SMEs in food industry. It is important to evaluate performance and that can be done through sophisticated email salespersons which also manage to track an actionable data and insightful (Deepa & Thenmozhi, 2014). Need to be noted that with a poor attitude in doing marketing although between and among employees, it will definitely affect the performance and vice versa (Ida Nilsson, 2009). Thus, an organization must always be alert in how to improve their marketing strategy and style in order to increase the sales performance of their company.

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1.3 Problem Statement

The role of SMEs to the economic growth of a nation is important as it is a origin of employment, competition, economic dynamism and innovation (Madanchian et al., 2016). As an illustration, it is logically and proven for such some times of period that the existence of SMEs in every country really helped in a gap of the economic growth. This is to say and see clearly that the job opportunity and even idea of innovation becoming better day by day with the existence of SMEs. The number of SMEs that are connected to the internet and the social media are a prove that the growth of internet becoming the fundamental factors that is affecting in the internet adopting (Alam, 2009) and thus innovation of technology which bring the social media really important in the growth of the company (Timilsina, 2017).

Up to the present time, website, email and social media marketing are the most used throughout SMEs and that internet marketing activity has a strong positive impact on the SMEs marketing performance (Kilmartin, 2013). Hence, in order for SMEs to compete in the real world, they must follow every trends that hits, like the spreading of information and advertising through internet. Thus, most SMEs nowadays are using the alternation of internet as a medium to communicate with consumers such as websites, email social media and even viral marketing strategy in promoting. Strategy that is encouraging an individual to pass the marketing message to others and thus possible for exponential growth in the exposure and the message's influence that was created were described as the viral marketing (Devi, 2015). It is actually a method or can be said as a virus that is disseminating in this new era where information and messages only believe if it has been spread out widely especially in the form of internet. New marketing techniques were in need especially for organizations due to the increase of the competition (Akyol, 2013).

Generally speaking, it is a must in understanding of using the viral marketing as the tool for promoting and at the same time will definitely strengthen the company brand especially in cost benefits and advantages (Lekhanya, 2014). In order words, regarding the obvious benefits of SMEs that using the method of viral marketing in the issues of promoting and advertising somehow giving a good effect towards the company SMEs especially in the aspects of sales performance. To summarize, this

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study is definitely looking forward whether the use of viral marketing in the SMEs in food industry will give an impact towards the sales performance. As has been noted, the viral marketing has been a virus that is spreading of its usage because of forwarding messages regardless of the contents are becoming a very popular trends nowadays and it is also for the purpose of competing in the business line and to be sustain in the industry.

1.4 Research Objective

The main objective is stated below.

1. To study the prevalence of the SMEs Food Industry in Malaysia.
2. To identify the factors of Viral Marketing that influence the sales performances SMEs Food Industry in Malaysia.
3. To examine the most influencing factors of viral marketing towards the sales performance of SMEs in food industry in Malaysia.

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1.5 Research Question

In accordance to the problem statement above, therefore the environment research questions in this field of study are:

1. What are the prevalence of the SMEs Food Industry in Malaysia?
2. What are the factors of Viral Marketing that influence the sales performances SMEs Food Industry in Malaysia?
3. Which are the most influencing factors of viral marketing towards the sales performance of SMEs in food industry in Malaysia?

1.6 Scope of Study

This research is scoping on the SMEs that is in Malaysia. The effects of viral marketing strategy on sales performance that have been used in SMEs for food industry are basically the topic that was discussed in the research. The research was to finds the level of usage and the characteristics of the viral marketing used in SMEs in Malaysia especially for food industry. This research also is to discoveries the factors persuading the sales performances on the viral marketing towards the SMEs, Malaysia. Other than that, this research is also to finds the relationship between the viral marketing strategy and the sales performance that is financially for the SMEs in Malaysia especially in food industry. It is to identify whether the viral marketing strategy are affecting in their sales performance for the SMEs or not.

Based on the research, it is either the come out will be good in results achieved for the researcher or vice versa.

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1.7 Limitation

While the researcher was doing the study, some limitation was faced especially regarding the questionnaire where it was not being answered honestly and the opinion section was left blank. Together with the uncooperative of some SMEs that do not wants to answer the questionnaire. Besides, the Statistical Package for Social Science application also was a trouble in the beginning of the research data execution due to the version installed are not suitable for the computer and the process of key-in data was unable to be performed. Furthermore, the topic that the researcher wants to do is on the effects of viral marketing on sales performance for SMEs in food industry in Malaysia does not really understood by respondents and they have not enough knowledge about it. Not to mention also regarding the problem from SMEs in Malaysia which was lacking in performing such experiences related to viral marketing itself. The limitation and the results were not really good and in stable position as for all the limitations stated became constraints.

1.8 Important of Study

Improving the sales performance in SMEs which is food industry would be a real help through the result executed from this study. This study provides a clear view on the sales performance for the SMEs who was and is using the viral marketing strategy in food industry. As a matter of fact, the understanding towards the concept of viral marketing in enhancing the sales performance for SMEs in food industry can be seen clearly at the end of this research result and discussion. This research is not only applicable for SMEs in Malaysia, but it is also suggested for any other business entity all around the world.

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1.9 Summary

Basic detail about the sales performance of SMEs in food industry in Malaysia was the issues that have been mentioned in this chapter. Background of the study, problem in SMEs especially regarding viral marketing, research objective and question, and also the scope of the study were explained.

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CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this particular chapter, a detailed regarding the study in this research was provided. Small and Medium Enterprise (SME) with the food industry itself were explain in more particulars. The definition of terms in this research also defined by the researcher. The concerns about the sales performance that is financially were clarify and the drivers of viral marketing are being enlighten in more comprehensive in this study.

Following the trends that are happening nowadays, many SMEs and most company are promoting their products or services by using the viral marketing strategy. Hereby, we can see that many SMEs starting to realizes that competing in a new era of business, the technique of viral marketing is a must. To put it in another way or perspective, SMEs can be seen by the spreading of word-of-mouth and some other several steps in viral marketing, and their sales performance can be a measurable thing towards competing in industry. To be sure, the writings on data and communication technology, electronic data interchange and Information system are the study on SMEs and electronic commerce are drawn (Shah Alam, Ali, & Mohd.

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Jani, 2011) and this clarify that the SMEs and they are absolutely using the electronic and others medium to communicate with consumers. There is an opinion where the need of using such unique marketing in SMEs based on what Puranen and Jansson (2017) which mentioned that for those that already studied SME marketing networks in various industries, yet are arguing of SMEs and the lacking of the resources must leave their comfort boundaries for at least some support in marketing.

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