

THE DRIVERS OF E-MARKETING ADOPTION IN SMALL AND MEDIUM
ENTERPRISE:
A SURVEY ON FOOD MANUFACTURING INDUSTRY

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This Report Submitted In Partial Fulfillment of The Requirements For The Award
Bachelor'S Degree of Technology Management
(High Technology Marketing) With Honors


Faculty of Technology Management and Technopreneurship

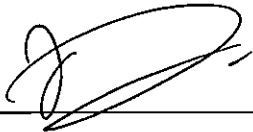
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JUNE 2019

SUPERVISOR'S AND PANEL APPROVAL


I/We, hereby declared that I/We had read through this thesis and
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“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly.”

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DEDICATION

I would like to dedicate my gratitude to the members of my family who supported me from spiritually and financially, a beloved supervisor and panel who guided me throughout the research, housemates and study partners who helped me through the research journey.

ACKNOWLEDGEMENT

First, I would like to thank Allah S.W.T for offering me the strength and opportunity to complete this research project. I would never finish this research without His permission.

Secondly, I would like to take this moment to express my sincere appreciation to my supervisor, PM Dr. Juhaini binti Jabar, who with her guidance, patience and encouragement has supported me throughout my research project. This research paper would not have been finished without her advice and guidance. As a supervisor, she has motivated and enriched my growth. I could not wish a better teacher or supervisor or a friendlier one. Also, thank you to all FPTT lecturers for all guidance and help with my postgraduate affairs.

Finally, I would like to convey my heartfelt gratitude to every individual directly and indirectly engaged in completing my final project. I will not be able to finish this final paper project without your contribution, guidance and assist. Thanks also to my parents, lecturer, and friend and staff Universiti Teknikal Malaysia Melaka for their help to complete my paper final project. Thank you very much.

ABSTRACT

E-marketing is one of the fast-growing types of digital marketing in global economy and it is vital to SMEs' survival in the present information technology driven-economy. It is necessary to identify the factors that affect the implementation of e-marketing. This is because those factors will be a measurement for SMEs in Malaysia in adopting e-marketing into their business. This research was therefore carried out to explore the drivers affecting the implementation of e-marketing in SMEs. Using questionnaires from 120 participants from food manufacturing SMEs around Malaysia, the information for this research has been gathered. In the studies, the information gathered been analysed, interpreted and further discussed.

Keywords: e-marketing, technology adoption, Small and Medium Enterprises

ABSTRAK

E- pemasaran merupakan salah satu bentuk pemasaran digital didalam ekonomi dunia dan ia sangat penting kepada IKS untuk terus berada di dalam ekonomi yang didorong teknologi maklumat terkini. Oleh yang demikian, faktor-faktor yang mempengaruhi IKS untuk menggunakan e-pemasaran perlu dikenalpasti. Hal ini demikian kerana faktor-faktor ini akan dijadikan pengukur kepada IKS untuk menggunakan e-pemasaran pada masa hadapan. Atas sebab itu, kajian ini dijalankan untuk mengkaji faktor penggunaan e-pemasaran dalam kalangan IKS. Maklumat yang akan digunakan dalam kajian ini diperolehi melalui soalan kaji selidik daripada 120 responden dari IKS pembuatan makanan serata Malaysia. Maklumat yang diperolehi akan dianalisa, diterjemah dan dibincang dengan lebih terperinci didalam kajian ini.

Kata kunci: e-pemasaran, adaptasi teknologi, Industri Kecil dan Sederhana

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CHAPTER 1

INTRODUCTION

This chapter introduced the drivers of e-marketing adoption in Small and Medium Enterprises (SMEs). For this research, this chapter provided all the research problems, research questions and research objectives.

1.1 Background of Study

Small and medium enterprises (SMEs) are those companies having employees below a certain limit or paid capital or annual sales turnover up to a certain limit. By number, SMEs dominate the world's business stage. Although up-to-date information are hard to obtain, estimates indicate that more than 95% of enterprises worldwide are SMEs, about 60% of private sector jobs created. SMEs are progressively recognized as major drivers of socio-economic growth worldwide in terms of productivity, innovation and job creation, revenue generation and distribution, poverty alleviation, training and labour absorption (Kazungu, Ndiege Mchopa, & Moshi, 2014).

SMEs give massive contribution to economy in every country, however, are not take full advantage of its innovative and creative ability. SMEs are well known for having limitation in adopting new technology into their business practice. The recent

revolution of technology has revolved the business environment and marketing practice of SMEs. The Internet has offered several innovative possibilities to enterprises in particular, such as internet marketing, which utilizes advertising tools such as blogs, podcasts and social media to reach their customers (Thach, L. 2009), and most enterprises now find it vital to have an online presence (Fisher, et.al, 2007).

E-Marketing is the application by electronic media and the Internet of marketing principles and methods. E-marketing activities create opportunity for SMEs to reach more customers than usual physical stores because of its ability to reach the market and customers through online platform. It gives SMEs possibilities to create cost-wise opportunities and enhance the relationship with stakeholders and customers. Many previous researches, however, has focused on the use of E-Marketing tools by large businesses with the resources to adopt latest technology to meet their requirements rather than focusing on SMEs who face restricted budgets and resources.

From the researcher view, the trend of e-marketing adoption offers research opportunity. Thus, it is important to understand the drivers that lead the e-marketing adoption of SMEs in conducting their marketing activities.

1.2 Problem Statement

Small and medium enterprises (SMEs) are the pillar of the world economy. There are more than 90 percent of the enterprises are SMEs and the contribution from SMEs is more than 70 percent of goods and services that are sold all over the world. The SME industry plays a vital role in the country's economy development and advancement. SMEs outnumber big businesses and provide more employment opportunities than big businesses do. The contribution of SMEs to the jobs creation, and their contribution to Gross Domestic Product (GDP), in developing economies, is important (Atanassova & Clark, 2015).

SMEs have contributed to economic development in Malaysia (Chelliah, Sulaiman et al. 2010; Hashim 2007). In addition to these job opportunities, SMEs contribute to large and multinational corporations' growth (Aman, Tahir et al. 2011). Despite the significant contributions made by the entrepreneurs, the Malaysian SMEs have been facing several unfavourable issues, such as low level of innovation and technology, low development capability, low research and development, and lack of working capital during the early phase of new business operation (Abdullah, et. Al,2009; Armstrong, et. Al, 2010).

Nowadays, in advanced technology era, there will be an urge to SMEs to take advantage and adopt the digital business platforms to increase their revenue growth. The trend of technology adoption among SMEs has increased its momentum and Malaysia has an overall higher adoption rate of digital technology. SMEs make use the technology to perform their daily operation, including manufacturing and marketing their products or services.

Over the past few years, e-marketing has drawn significant attention. This extra attention has led to important progress towards e-marketing adoption' strategies, requirements and developments (Afshar & Nawaser, 2010). E-marketing is one of digital business platforms. It relates to the use of digital interactive techniques and IT to carry out the marketing operations of the enterprise. Mokhtar (2015) stated that e-marketing helped SMEs to have broader market coverage, raise customer awareness, recognize new market segments and provide more customer access to the recent online information.

Over the years, researches about e-marketing is still low, even fewer studies have investigated the adoption of e-marketing by SMEs. Moreover, research on food manufacturing SMEs still few, especially in Malaysia. Hence, the researcher aims to fill the research gap by studying the drivers of e-marketing adoption in food manufacturing SMEs.

1.3 Research Question

To continue the research related to the drivers of e-marketing adoption in SME, the research answered the following questions:

- i. What are the drivers of e-Marketing adoption in Small and Medium Enterprises (SMEs)?
- ii. What is the relationship of each drivers of e-Marketing adoption in Small and Medium Enterprises (SMEs)?
- iii. What is the most significant driver of e-Marketing adoption in Small and Medium Enterprises (SMEs)?

1.4 Research Objective

The research objectives of this study:

- i. To identify the drivers of e-Marketing adoption in Small and Medium Enterprises (SMEs).
- ii. To analyse the relationship of each drivers of e-Marketing adoption in Small and Medium Enterprises (SMEs).
- iii. To find the most significant driver of e-Marketing adoption in Small and Medium Enterprises (SMEs).

1.5 Scope and Limitation

1.5.1 Scope

This research focused on the drivers of e-marketing adoption as independent variable, attitudes towards using as mediating variable and the behaviour towards adoption of e-marketing as the dependent variable. Various research about e-marketing adoption have been made in the past few years and most of the past researches used theory like TAM Model, IDT theory and UTAUT theory.

Perceived ease of use and perceived compatibility has been viewed as the most important factors that drives SMEs to adopt e-marketing (El-Gohary. 2012; Dlodlo & Dhurup. 2013, Dahnil, et. al, 2014). The research by Idris and Ibrahim (2015) revealed that Perceived Usefulness (PU), Perceived Ease of Use (PEOU), External pressure and Strategic intent are significantly influence e-Marketing adoption among the SMEs. In addition, other researchers also show that the company's branding strategy and accessibility of technical expertise are drivers of e-marketing acceptance among SMEs (Musa, et al, 2016). The perceived comparative benefit and client pressure also led to the adoption of e-marketing by SME (Shaltoni, et. al, 2018). This study will therefore concentrate on developing new research framework based on prior research findings.

In addition, this research focused on the food manufacturing industry of SMEs because there is limited research on the adoption of Malaysian food industry technology. As a matter of fact, the questionnaires were distributed to 10,000 food-producing SMEs in Malaysia who employed at least one of the five e-marketing tools. The researcher expected to receive 370 questionnaires in return. The method of sample selection will be discussed in Chapter 3.

1.5.2 Limitation and Key Assumption

The first limitation of this research is the time allocated. The researcher has one year to conduct the research which that becomes constraint to conduct a deep research. In addition, there are no budget allocated for this research and the researcher must use her own money during the research. The location of the research is another limitation of this research. This research focuses solely on SMEs in food manufacturing industry only, so the findings could only be biased towards that setting.

1.5 Summary

Throughout this chapter, the readers were introduced to research objectives, research questions, scope and limitations. The next chapter explains more about the appropriate literature review and the theory.