

Chapter 5

Exploratory phase 1: exploring E-Marketing practices by Egyptian SBEs

"It is a capital mistake to theorise before one has data."

Sir Arthur Conan Doyle (The Adventures of Sherlock Holmes - 1892, 1992)

5.1 Introduction:-

This chapter discusses the exploratory study for this research, which was originally planned as a comparative study between the Egyptian SBEs and their counterparts in the UK. It explores the current E-Marketing practices by Egyptian small businesses and aims to give a deep reflective understanding of the phenomenon of E-Marketing in an emerging economy. Following this, the research framework will be constructed and the research hypotheses will be developed.

The chapter starts with a discussion related to the current circumstances related to SBEs in Egypt, within this discussion a brief background about Egypt is provided to illustrate the different factors that might have an impact on the business environment of Egyptian SBEs. A profile of the Egyptian SBEs, its geographical distribution as well as the different Egyptian institutions linked to it is discussed. Finally, the chapter provides a complete report of the two phases of the exploratory study conducted and ends with a discussion of the main findings.

5.2 Small Business Enterprises in Egypt:-

"As Small and Medium Enterprises (SME's) in Egypt represent the greatest share of the productive units of the Egyptian economy, the current national policy directions address ways and means of developing the capacities of SME's. "

Dr. Ahmed Nazif (Egyptian Prime Minister, SFD, 2009c)

5.2.1 Egypt, an overview:-

Egypt is an important Arab, Middle Eastern and African country and has a very important and strategic: economic, political and geographical position. It stands on northern Africa occupying the northeast corner of the continent, bordering the

Mediterranean Sea from the north, Libya from the west, Palestine and Red Sea from east and Sudan from the south. With a 995,450 sq km of land space, a population of 77,102,837 (as in 25 August 2009 – CAPMAS, 2009), a 28 governorates (Al-Daqahliyah, Al-Bahr El-Ahmar, Al-Baheya, Al-Fayum, Al-Gharbyah, Alexandria, Al-Ismailiyah, Al-Gizah, Al-Minufiyah, Al-Minya, Al-Qalyubiyah, Al-Wadi-Al-Gadid, Al-Suez, Al-Sharqiyah, Aswan, Asyut, Bani Sowaf, Port Said, Cairo, Damietta, Helwaan, Kafr-Al-Shaykh, Matruh, North Sina, Qina, South Sina, Suhaj and 6th of October) and one special self-governing city (Luxor) as the city of Luxor is not a governorate but have a special unique characteristics and for that considered as a special self-governing city with the structure and resources of a governorate.

The Egyptian economy depends mainly on agriculture, media, Suez Canal, tourism, the transferred income of more than 5 million Egyptians working abroad (mainly in Saudi Arabia, the Gulf area and Europe) and petroleum and gas exports. In the last 30 years, the Egyptian government has started reforming the highly centralised economy from the sixties and med seventies era into a totally market liberalisation economy. Accordingly, the economic conditions for the country are starting to improve in a considerable way after a period of poor economic performance. In 2005, the government reduced both personal and corporate tax rates, reduced energy subsidies, and privatised several public enterprises. The stock market grown dramatically from 2000 to 2006 and the GDP grew by nearly 5%. As a result of this performance, the International Monetary Fund (IMF) in its annual report has rated Egypt as one of the top countries in the world undertaking good economic reforms (IMF, 2009a). Appendix 13 illustrates the basic economical statistics of the Egyptian economy.

Despite these achievements, the government did not succeed in raising the living standards for most of the average Egyptians, and has had to continue providing subsidies for basic necessities for a wide range of Egyptians. These subsidies as well as the deficit in the Egyptian trading balance have contributed to a growing budget deficit - more than 8% of GDP in 2005 (CAPMAS, 2009 and EMI, 2009). For that and to achieve higher GDP increase the Egyptian government needs to carry on its aggressive pursuit of reform, especially in the export sectors. The government is conducting massive investment in communications and physical infrastructure and

encouraging massive development in the SBEs sector as an attempt to reduce the bad effect of the current world financial crises on Egypt as well as to improve the country economic performance.

5.2.2 Profile of Small Business Enterprises in Egypt:-

Egyptian SBEs have more than five thousand years of recorded history. Ancient Egypt was among the earliest civilisations that discovered the value of work and the real meaning of entrepreneurship. That can be seen obviously on the drawings on the temples and old papyrus papers. Furthermore, SBEs are expected to be the engines of economic growth in Egypt over the next several decades and are expected to create the jobs needed by its ever growing population. The main three parties responsible for the development of the SBEs sector in Egypt are The Social Fund for Development (SFD), the Small Enterprise Development Organisation (SEDO) and the Arab Union for Small Enterprises (AUSE). But despite that, till now there is no standard definition for SBEs in Egypt.

Based on the data derived from the Egyptian Labour Market Survey 1998 and Labour Force sample survey 1988 (which are the most available recent data), the number of small enterprises witnessed a clear increase during the period from 1988 to 1998 as illustrated in the following table:-

Table 5-1: The number of small economic units distributed according to formality from 1988 to 1998

<i>Year</i>	<i>1988</i>	<i>1998</i>	<i>Average yearly increase in numbers</i>	<i>Annual percent of increase</i>
<i>Formal</i>	502 325	546 445	4 412	0.9
<i>Informal</i>	2 432 522	2 776 031	34 351	104
<i>Total</i>	2 934 847	3 322 476	38 763	1.3

Source: Egyptian Ministry of Trade and Industry -EMTI (2008)

As illustrated in the previous table the number of SBEs in Egypt is divided between formal and informal sectors. The formal SBEs are the enterprises that have a complete licences, legal procedures and documents while the informal ones does not have any licences, complete procedures and/or documents (underground economy). It is also noticed that not only the number of underground (informal) SBEs are much

higher than the formal ones, but also the annual percent of increase in the informal sector is ten times higher than the formal one.

On the other hand, based on the data provided by the Egyptian Ministry of Trade and Industry (EMTI, 2008) the women entrepreneurs have a reasonable number of the total number of SBE entrepreneurs in Egypt as illustrated in the following table:

Table 5-2: The number of small enterprises in the formal and informal sectors distributed according to the Gender of the Owner in 1988 and 1998.

<i>Year</i>	<i>Formal</i>			<i>Informal</i>		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
<i>1988</i>	400985	101340	502325	2031219	401303	2432204
<i>1998</i>	477459	68986	546445	2231121	544910	2776031
<i>% change</i>	19.1	-32.0	8.7	9.8	35.8	14.1

Source: Egyptian Ministry of Trade and Industry -EMTI (2008)

One of the reasons for that is the Egyptian culture, where many women tend to start up their own enterprises or work with relatives in small businesses so that they can manage between their household, their work roles and support their families.

5.2.2.1 Distribution of small business enterprises according to geographical regions:-

When looking to the regional distribution of SBEs in Egypt it is noticeable that the northern parts of the country have created more new firms per each 1000 of labour force than those in the south, highlighting the continuing disparity and widening the economic gap between the north and the south parts of Egypt. Cairo, Damietta and AL-Sharkia governorates have the greatest firm formation rates in Egypt. Cairo, being the capital, has traditionally been the main location of large public and private investments. Because of its relatively better developed infrastructure, the availability of good investment opportunities and the existence of a huge market (a population of around 20 million), it represents the most attractive location for new investments.

The Damietta region is well known not only for its wood and furniture products but also for its world class food products, dominated by its small production units, with a first class world reputation that goes beyond the Egyptian and African

boundaries. Al-Sharkia governorate has the largest number of new settlements in one region, providing the attraction of new industrial land, as well as having a traditional metal industry whose outputs cater mainly for the agricultural sector. At the other end of the spectrum, the Suez and the south Sinai regions have the lowest firm formation rates. The first is dominated by large state owned heavy industries (oil refineries and chemical industries) which absorb the working population. While South Sinai, the only region with no recorded new firms, has a dominant tourist industry which is likely, with its related activities to have attracted many new investments.

The following figures (figure 5-1 and figure 5-2) illustrate the distribution of SBEs as well as its density according to geographical regions.

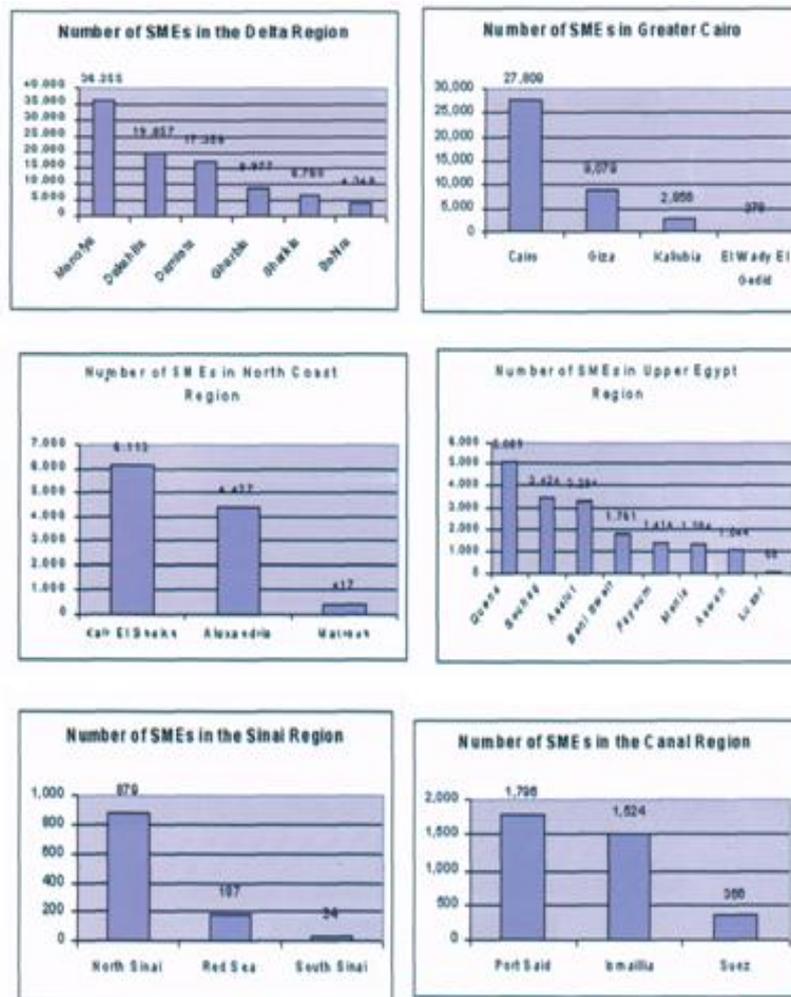


Figure 5-1: Number of SME's distributed according to geographical regions
 Source: Egyptian Ministry of Trade and Industry -EMTI (2008)

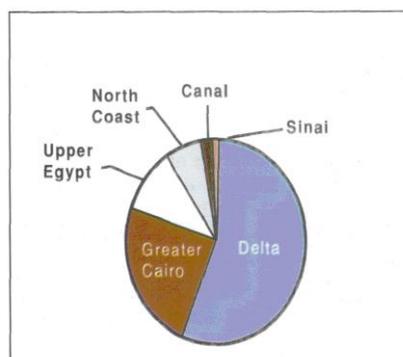


Figure 5-2: SBEs density according to region

Source: Egyptian Ministry of Trade and Industry -EMTI (2008).

5.2.3 Social Fund for Development (SFD):-

The Egyptian Social Fund for Development (SFD) had been established in 1991 as a social safety net associated with the government of Egypt's agreement to undertake its wide Economic Reform and Structural Adjustment Programme (ERSAP) in collaboration with the International Bank (IB) and the International Monetary Fund (IMF). Therefore, the Fund was considered as a very necessary and critical tool to achieve a real success of the reform programme and to help in reducing the negative effects of such a programme on the Egyptian people and the Egyptian society in general.

Since its establishment in 1991 the SFD has played different important roles in the development of Egypt. The Egyptian SFD generally works to increase the human resources quality within the Egyptian society, enable a good environment for human development, develop different mechanisms for improved understanding of the impact of globalisation and mobilises efforts to minimise the risks of social exclusion, help to improve living standards, eliminate poverty and fight unemployment. Within this context, The SFD work to create employment opportunities for start-up entrepreneurs and provides them with credit, technical and managerial assistance, necessary needed skills, and technological know-how from both Egyptian and international institutions to provide all the possible opportunities for success.

5.2.3.1 Target Groups of the SFD:-

The Social Fund for Development is targeting the following groups to receive its services women, new graduates, unemployed youth and start-up entrepreneurs.

According to the SFD annual report 2008 women's represent 32 % of total beneficiaries of the SFD fund (figure 5-3)

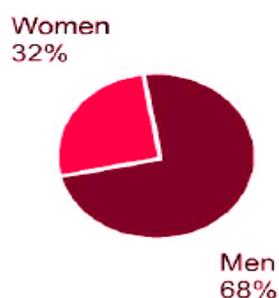


Figure 5-3: SFD Funded SME's by gender

Source: The Social Fund for Development (SFD, 2009a)

Targeting of these certain groups is built on the basis of equity, efficiency and cost-effectiveness. While programmes are accessible to everyone in a particular category, targeted programmes are designed in such a way to ensure that services and benefits are received by eligible groups according to some certain predetermined socio-economic and geographical criteria. Given its objective of fighting poverty and unemployment, the SFD targeting map is based on the poor, the unemployed and the marginalised groups in the Egyptian society at the governorate level and according to rural- urban classification.

5.2.4 Small Enterprise Development Organisation (SEDO):-

Small Enterprise Development Organisation (SEDO) is a subsidiary unit of the Social Fund for Development (SFD) of Egypt established on the 1st of December 1999 according to the Egyptian Presidential Decree No. 434 for the year 1999 which instituted SEDO as an organisation operating under the umbrella of the SFD and specialised in the development of small enterprises (The Small Enterprise Development Organisation - SEDO, 2009).

It aims at providing all the possible assistance in every aspect to small and medium sized enterprises (SME's) within Egypt. To help the Small Enterprise Development Organisation (SEDO) in achieving its objectives, the Social Fund for Development (SFD) allocates about 50% of its available resources for the SEDO. The Organisation develops various funding mechanisms and many technical and managerial support systems to help small businesses through two main groups which

represent the main structure of the SEDO namely; The Small Enterprise Development Group and The Marketing and Management Group.

The Small Enterprise Development Organisation (SEDO) supports the entrepreneurs through: financing the equipment, the production process (raw material, labor wages, electricity, water, rent of the place), exemption of taxes (for ten years in new industrial enterprises and five year for new small commercial or service enterprises), a refinement period for the repayment of the loan according to the cash flow of the project and providing low interest rates for financing small enterprises. Table 5-3 illustrates the different interest rates provided by the SEDO to small entrepreneurs.

Table 5-3: Different interest rates provided by the SEDO to the Egyptian SBEs

<i>Amount of the loan</i>	<i>New Enterprise</i>	<i>Existing Enterprise</i>
Less than LE 50,000	7%	9%
LE 50,000- LE 200,000	9%	11%
LE 200,000- LE 500,000	11%	13%

Source: The Small Enterprise Development Organisation (SEDO - 2009)

The maximum amount of the loan per enterprise is LE 2,000,000, and if the loan exceeds LE 50,000, the entrepreneurs must provide a contribution to the total investment cost by 20- 25 %. In 2002 the SEDO funded 14385 small enterprises with an average size for loans equal to LE 24000 and created a number of jobs equal to 64919 (figure 5-4).

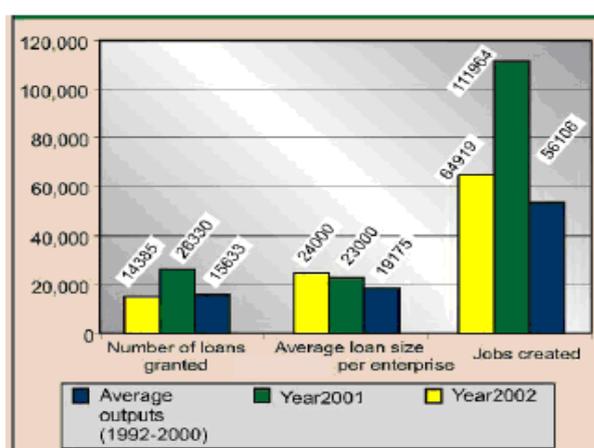


Figure 5-4: Outputs of the Small Enterprises Development Organisation for the years 2001 – 2002 compared with the average output of the years 1992 - 2000

Source: The Social Fund for Development (SFD, 2009a)

5.2.5 Arab Union for Small Enterprises:-

The Arab Union for Small Enterprises (AUSE) is an established local Arabic organisation under the umbrella of The Arab League and the Council of Arab Economic Unity. The union membership are available for institutions, organisations, agencies, funds, federations, associations, centres, public and private companies as well as non-governmental organisations (NGO's) working in the development, financing or supporting SBEs in the Arab world (21 countries namely; Egypt, Sudan, Libya, Tunisia, Algeria, Morocco, Mauritania, Djibouti, Somalia, Palestine, Lebanon, Syria, Kingdom of Saudi Arabia - KSA, Yemen, Jordan, Kuwait, United Arab Emirates - UAE, Qatar, Iraq, Bahrain and Oman). The AUSE was established in the 31st of May 2004 and joined the specialised Arab unions working under the Council of Arab Economic Unity according to the Council's Decree No. 1259d/80 in 1/12/2004. The founding members of the AUSE were Egypt, Sudan, Lebanon, Yemen, Syria, Kingdom of Saudi Arabia (KSA), Kingdom of Jordan, Tunisia, United Arab Emirates (UAE), Kuwait, and Oman. The financial resources of the AUSE consist of:-

- The AUSE membership fees as well as annual subscriptions of its members.
- Grants, donations and gifts provided to the AUSE from Arab or international agencies and organisations.
- Any paid fees for any services conducted by the AUSE (AUSE, 2009).

Egypt had played a very important role in the development of the AUSE since 2004 till now. In recognition of the Egyptian endless role and efforts to activate the AUSE, promote its objectives and expand its membership, the AUSE in its meeting held on the 29th of May 2008 elected the Egyptian SFD chairman (Hany Seif El Nasr) as AUSE Chairman for the second time (SFD, 2009b). The overall aim of the AUSE is to develop, create and maintain good collaboration in the activities of its members in order to develop and upgrade Arab small enterprises, increase their competitiveness, strengthen cooperation ties among these enterprises and to contribute in general to the inter-Arab economic integration.

5.3 Egyptian small business enterprises and E-Marketing:

Small business enterprises represent a high percentage of the Egyptian registered companies within the country. Although, most of these SBEs conduct its

business on domestic, local or regional bases and only few of these enterprises conduct business transaction on international bases, SBEs still plays a very important role in driving the Egyptian economy towards achieving high economic performance. Based on that, studying the different aspects that might have an impact on the performance of these SBEs is very important and will lead to better understanding of how this performance can be improved. Keeping in mind the importance of marketing activities and its impact on the total business performance of any firm, with no hesitation the importance of studying and investigating E-Marketing adoption and implementation by Egyptian SBEs can be confirmed.

Before conducting such a study as the first step towards conducting a comparative study between the adoption of E-Marketing by Egyptian SBEs from one side and British SBEs from the other side, it was preferred to conduct an exploratory study to explore the different aspects related to the adoption and implementation of E-Marketing by Egyptian SBEs. The main motive for conducting this exploratory study is the lack of any research investigating the different factor affecting the adoption of E-Marketing by Egyptian small businesses as well as the impact of this adoption on the marketing performance of such enterprises. Based on the literature review, there is no single research that has been conducted to investigate the phenomenon investigated by this research. Consequently, there is no information available about the adoption and implementation of E-Marketing by Egyptian SBEs or about similar research problems or research issues comparable to those associated with this research that had been solved in the past. Accordingly, wide preliminary study is needed to gain knowledge and familiarity with the phenomenon investigated. This understanding will lead to the development of the research framework and will help in setting up an accurate research design for comprehensive investigation of the phenomenon investigated by this research.

To do so, the research started by constructing a database that include Egyptian SBEs adopting or implementing E-Marketing to conduct its marketing activities. The main problem associated with the construction of such database is related to how to define small business enterprises? Although that there is a law associated with all the aspects related to SBEs in Egypt which is the Small Business Enterprises Development Law (Law number 141 for the year 2009) and despite that this law had

provided a legal definition for SBEs in Egypt, there is still more than 12 different definition in use by different institution in Egypt to define small business enterprises. The main reason for having such a large number of definitions for SBEs in Egypt is that each of these institutions use its own definition for SBEs which in most cases serves its own purposes.

Within this respect, according to article number one of the Small Business Enterprises Development Law (Law number 141 for the year 2009) a SBE is defined as: “Any company or individual firm that conduct production, service or commercial economic activities with a capital no less than 50,000 Egyptian pounds and no more than one million Egyptian pounds and employs 50 employees or less” (Law number 141 for the year 2009, article 1, p 2). On the other hand there are another seven definitions that are commonly used to define small business enterprises, these definitions are as follows:-

Table 5-4: Small business enterprises commonly used definitions in Egypt

Definition of	Definition and source
Industrial Development and Workers Bank of Egypt	“A small business enterprise will be that enterprise that the value of its fixed assets does not exceed 1,400,000 pounds” - (Industrial Development and Workers Bank of Egypt - IDWB, 2009)
Alexandria Small Business Association	“A small business enterprise will be that enterprise that employs up to 15 employees” - (Alexandria Small Business Association - ABA, 2009)
Central Agency for Public Mobilisation and Statistics	“A small business enterprise will be that enterprise that employs between 50 and 100 employees” - (CAPMAS, 2009)
United States Agency for International Development	“A small business enterprise will be that enterprise that employs less than 15 employees and its total fixed assets does not exceed 25,000 pounds” - (USAID – 2009)
Egyptian Institute of National Planning	“A small business enterprise will be that enterprise that employs between 10 and 49 employees” - (Egyptian Institute of National Planning - EINP, 2009)
Federation of Egyptian Industries	“A small business enterprise will be that enterprise that employs no more than 100 employees and its total investment does not exceed 500,000 pounds” - (Federation of Egyptian Industries - FEI, 2009)
Crédit Agricole Egypt Bank	“A small business enterprise will be that enterprise that its total assets does not exceed 250,000 pounds” - (Crédit Agricole Egypt Bank - CAEB, 2009)

The following table summarise the different criteria's used in Egypt to define small business enterprises.

Table 5-5: Different criteria's used to define small business enterprises in Egypt

<i>Definition of</i>	<i>Capital (assets)</i>	<i>Number of employees</i>	<i>Both</i>
Law number 141 for the year 2009	√	√	√
Industrial Development and Workers Bank of Egypt	√		
Alexandria Small Business Association		√	
Central Agency for Public Mobilisation and Statistics		√	
United States Agency for International Development	√	√	√
Egyptian Institute of National Planning		√	
Federation of Egyptian Industries	√	√	√
Crédit Agricole Egypt Bank	√		
Total	5	6	3

From table 5-5, it is noticed that number of employees was the most commonly used criteria in defining SBEs in Egypt. Table 5-6 illustrate the different numbers of employees and capital (assets) values that had been used in these different definitions.

Table 5-6: Different numbers of employees and capital (assets) values that had been used to define small business enterprises in Egypt

<i>Definition of</i>	<i>Capital (assets)</i>	<i>Number of employees</i>
Law number 141 for the year 2009	Capital from 50,000 to 1,000,000 LE	50 employees or less
Industrial Development and Workers Bank of Egypt	Fixed assets not exceeding 1,400,000 LE	-
Alexandria Small Business Association	-	Up to 15 employees
Central Agency for Public Mobilisation and Statistics	-	Between 50 – 100 employees
United States Agency for International Development	Fixed assets not exceeding 25,000 LE	Less than 15 employees
Egyptian Institute of National Planning	-	Between 10 – 50 employees
Federation of Egyptian Industries	Total investments not exceeding 500,000 LE	100 employees or less

Crédit Agricole Egypt Bank	Total assets not exceeding 250,000 LE	-
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As can be seen from table 5-6, there is no commonly used number of employees or a certain value for capital, investments or assets in defining SBEs in Egypt. Within this respect, the number of employees as well as the value of capital, investments or assets varies in a very wide range. Accordingly, no certain number of employees or a certain value for capital, investments or assets can be considered to be the most commonly used criteria in defining small businesses in Egypt. Consequently, it is more appropriate when defining SBEs for the purpose of this study to consider the Egyptian legal definition for small businesses derived from the Small Business Enterprises Development Law (Law 141 for the year 2009).

After solving the major problem of defining what is the most suitable definition for defining Egyptian SBEs, the construction of a database for the Egyptian SBEs that adopt and implement E-Marketing to conduct its marketing activities started. Based on the researcher experience with the nature of the Egyptian SBEs and the different governmental department, institutions and agencies dealing with SBEs in Egypt; the research started by investigating the Egyptian International Trade Points (EITP) as one of the most commonly used portals by Egyptian SBEs to conduct E-Marketing activities.

The Egyptian International Trade Points (EITP) is a subsector from the Egyptian Ministry of Trade and industry (EMTI) which is mainly concerned with promoting different Egyptian products to the world through different international information networks and creating new markets for these products, promoting and spreading the adoption and implementation of E-Commerce among Egyptian companies and provide small and medium sized enterprises with the needed data to help these enterprises in establishing the business, producing their products and then promoting these products internationally (EITP, 2009).

On the other hand, there are 14 different international trade points in Egypt distributed all of the country. Within this respect, there is three international trade points in Greater Cairo (the Egyptian trade point head office, the sixth of October city international trade point and the businessmen international trade point), six international trade points in the delta region (Alexandria international trade point,

Kafr El Shiekh international trade point, Badr international trade point, 10th of Ramadan international trade point, Tanta international trade point and Mansoura international trade point), two in Suez Canal region (Ismailia International Trade Point and Port Said International Trade Point) and three in Upper Egypt region (Fayoum international trade point, BeniSuef international trade point and Assiut international trade point). Appendix 14 illustrates the basic information of these international trade points.

As a first step in constructing the Egyptian SBEs database, all the Egyptian international trade points (a total of 14 EITP) was investigated to determine:-

- How many firms are registered with each of these international trade points
- How many of these firms are small business enterprises.
- How many of these SBEs use the international trade points as an E-Marketing platform.

Based on this investigation, a total of 12804 firms were registered with the 14 Egyptian international trade points. Out of these firms, 2783 enterprise were SBEs (according to the definition adopted within the research) and are using the international trade points as an E-Marketing platform. The distribution of these firms is illustrated in the following table.

Table 5-7: Number of Egyptian firms and small business enterprises using EITP as an E-Marketing platform as on May 2009

<i>N</i>	<i>International Trade Point</i>	<i>Number of firms registered within the trade point</i>	<i>Number of SBEs using it as an E-Marketing platform</i>
1	Egyptian Trade Point (Head Office)	8936	1973
2	Alexandria International Trade Point	156	131
3	Kafr El Shiekh International Trade Point	143	139
4	10th of Ramadan International Trade Point	1004	15
5	Mansoura International Trade Point	63	63
6	Businessmen International Trade Point	0	0
7	Ismailia International Trade Point	553	173
8	Fayoum International Trade Point	173	154
9	BeniSuef International Trade Point	89	84
10	Assiut International Trade Point	17	7

11	Badr International Trade Point	96	9
12	Tanta International Trade Point	4	4
13	Sixth of October City International Trade Point	1540	17
14	Port Said International Trade Point	30	14
Total		12804	2783

Source: prepared by the researcher depending on the different databases of the Egyptian International Trade Points

All the details of these 2783 SBE were reviewed to make sure that there is no duplication in the yielded SBEs and that these data are accurate and reliable. As a result of this review process 324 SBEs were excluded from the total number of the SBEs yielded because of duplication among different international trade points and another 152 SBEs were excluded because it is not in the business anymore or because it cannot be classified as small businesses. Then the excluded SBEs (a total of 476 SBEs) were removed from the database.

As a second step, all the contact and commercial details of the remaining SBEs (2307 SBEs) were collected (which included: the SBE name, owner/main manager name, SBE address, phone number, fax number, e-mail address, SBE type/industry and the SBE website) and used to construct a primary database of these SBEs.

Moreover, more than one database and business directory were checked and investigated to generate more SBEs. Within this respect the following databases and business directories were investigated: Egypt Small Business Directory, Alibaba Business Directory, Egypt Directory, UK Small Business Directory (Egypt Directory) and Egypt Middle East B2B Directory. These five sources were used for the following reasons:-

- 1- It provides detailed information for the enterprises registered in it.
- 2- It provides information about considerable numbers of enterprises
- 3- It provides the ability to evaluate the registered enterprises to make sure that it can satisfy the essential requirement to be considered as SBEs.
- 4- It is common databases and business directories among small business owners

The search in these five databases and business directories yielded a total of 382 Egyptian SBEs. The details of each of these SBEs were obtained and sorted in a sub-database. Thereafter, these details were investigated and reviewed to make sure that there is no duplication and that the data are accurate and reliable. As a result of this review process 173 SBEs were excluded and the remaining SBEs (a total of 209 SBEs) were added to the original database constructed from the SBEs using the Egyptian international trade points.

As a result of this process, the total population frame consisted from 2516 Egyptian SBEs distributed all over the country. Although this research is mainly concerned with trading and industrial SBEs, for the purpose of conducting the exploratory study other types of small business (e.g. services SBEs) was not excluded from the population frame. The main logic behind that is that the main aim of this part of the exploratory study is to explore the current practice of E-Marketing adoption and implementation by Egyptian SBEs in general to use the information yielding from this exploratory study as a base for building the research framework.

5.3.1 Exploratory studies adopted in the stage of the research:-

For the purpose of gaining greater reliability and confidence in the research results, methodological triangulation was conducted in this exploratory research. Within this triangulation approach two main exploratory studies were conducted namely electronic survey and case studies. Within this context, the study started by conducting a survey for a sample selected randomly from the population frame. Then case studies was employed through conducting semi-structured interviews as a tool for gaining deeper understanding about the adoption and implementation of E-Marketing by Egyptian SBEs. The interviews were conducted with 35 Egyptian small business owners, marketing and sales managers and aimed to find out what are the current level of E-Marketing knowledge among Egyptian small businesses owners, marketing and sales managers, the different factors affecting the adoption of E-Marketing by Egyptian SBEs and the impact of this adoption on the marketing performance of these SBEs.

5.3.2 The survey:-

The first exploratory stage of the research is a survey to explore E-Marketing practices by Egyptian SBEs. This survey was designed in Arabic language and tested by group of academic researchers from Cairo University Business School and Tanta University Business School, small business owners and marketing practitioners within Greater Cairo region. As a result of this pilot test and recommendations received, the survey was adjusted to gain better results.

When determining the survey sample size, it was planned to determine the sample size according to the Aaker & Day (1986) sample size equation discussed in detail in chapter four (section 4.7.1.3). The sample size in different degrees of required confidence was calculated using the equation as illustrated in table 5-8.

Table 5-8: Implementing Aaker and Day sample size equation in different degrees of required confidence

<i>N</i>	<i>Degree of confidence</i>	<i>Sample size (SBEs)</i>
1	90 %	21 SBEs
2	95 %	88 SBEs

Meanwhile, many scholars within the fields of social sciences like Michael and Beck (1995), De Vaus (1996) and Eid (2003) illustrated that using a sample size of twenty percent of the total research population is highly accepted. To this point as far as this part of the study is concerned, the research sample was chosen to represent twenty percent of the research population. This was done for the following reasons:-

- 5- This sample size exceeds the sample size required to achieve 95% degree of confidence according to the Aaker and Day (1986) sample size equation which is highly recognised among researches in the fields of social science.
- 6- A sample size of twenty percent of the total population is accepted by most researchers within the field.

However, as a result of the very low response rate of mailed questionnaires in Egypt (as quoted by most researchers in Egypt), it was decided to use an electronic questionnaires to conduct the survey. The main reason for using electronic e-mailed questionnaires is that it is assumed that the sample SBEs will perceive it as a favourable form of communication based on the fact that these SBEs are using one form or another of E-Marketing and for that they are more technologically oriented

than other firms within the Egyptian market. Consequently, electronic questionnaires were e-mailed to 504 SBEs representing twenty percent of the total population frame which was randomly selected from this population frame. But from these 504 SBEs and after several reminders via e-mails, mailed letters and phone calls only three questionnaires were filled. The researcher was totally surprised of this response rate which was 0.59% (less than 1%) this was surprising because the questionnaire was very short, highly organised, use very simple Arabic language, straightforward and the questions were arranged in logical order (see appendix three).

5.3.3 Case studies:-

As a result of the unexpected very low response rate for the survey, it was decided to move to the second phase of the exploratory study by conducting case studies. Within this context, invitation e-mails as well as an invitation letters were sent to the 504 preselected SBEs from the first phase of the exploratory study. Follow ups were made using e-mails, mailed letters and phone calls to the SBEs owners and marketing managers. As a result of this follow up as well as some incentives, eleven SBEs agreed to participate in the research through an interview.

Although it was not expected to have the approval of eleven SBEs (in light of the surprising response rate for the survey), another attempt was made to gain more SBEs approval to participate in this stage of the research. Based on the researcher experience with the Egyptian culture and the fact that most of the 504 preselected SBEs are highly connected with the Egyptian international trade points, the Egyptian international trade points is assumed to have a great impact on the SBEs owners. In consequence of that, the head of the Egyptian international trade points was contacted as well as some other top officials in the Egyptian Ministry of Trade and industry (EMTI) to gain their support in convincing SBEs owners to participate in the second stage of the exploratory study. All these officials were very helpful, supportive and provided all the possible assistance. Formal communications were sent to the SBEs owners registered with the Egyptian international trade points asking them to participate in the second stage of the exploratory study. As a result of that, another twenty four SBEs agreed to participate in the research through an interview increasing the total number of SBEs that agreed to participate in the research to thirty five SBEs.

Firstly, the SBEs owners were contacted to discuss the most suitable time for conducting the interviews as well as the most suitable place for commencing these interviews. Next, a schedule of the planned interviews was made containing all the necessary needed information about the interviews participants. Then the interviews were conducted with the SBEs owners, marketing managers or the person responsible for implementing E-Marketing activities within the SBE. The interviews were mainly conducted as face-to-face interviews (except for one interview which was conducted over the phone due to the unavailability of one of the small business owners) and in Arabic language during January 2007.

On the other hand, the interviews included three main questions sections with a total of fifteen open ended questions. The first set of questions investigated the level of E-Marketing knowledge among SBEs owners, marketing managers and/or sales managers. The second set of questions was designed to explore the different factors that might have an impact on the adoption of E-Marketing by these SBEs owners, marketing managers, or sales managers. Finally, the last set of questions was designed to explore the impact of E-Marketing implementation on the marketing performance of the Egyptian SBEs.

Table 5-9 illustrates the distribution of the research participants by their position within the SBEs. As can be seen from the table that while 77.1 % of the participants (a total of 27 participants) were the small business owners themselves, 20 % of them (7 participants) hold the position of marketing manager in their enterprise and finally 2.9 % of them (only one participant) hold other positions (sales manager, etc) and were in charge of E-Marketing implementation within their enterprise.

Table 5-9: Distribution of the SBEs participants by position

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Entrepreneur (owner)	27	77.1	77.1
	Marketing Manager	7	20.0	20.0
	Other	1	2.9	2.9
	<i>Total</i>	<i>35</i>	<i>100.0</i>	<i>100.0</i>

The participating SBEs were distributed among the main geographical regions of Egypt and the distribution of the SBEs participating in the research is representative for the research population. Within this context and as can be seen from

table 5-10, the majority of small enterprises (43.3 % - twelve SBEs) were located in Cairo followed by 22.9 % (8 SBEs) located in the Delta, 20 % (7 SBEs) in Alexandria and finally 11.4 % (four SBEs) in both Upper Egypt and Suez Canal region.

Table 5-10, Distribution of the participating SBEs by location

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Cairo	12	34.3	34.3
	Alexandria	7	20.0	20.0
	Delta	8	22.9	22.9
	Upper Egypt	4	11.4	11.4
	Suez Canal region	4	11.4	11.4
	<i>Total</i>	<i>35</i>	<i>100.0</i>	<i>100.0</i>

With regards to the number of employees, as can be seen from table 5-11 the majority of the participating SBEs (29 enterprises with a percentage of 82.9 % of the total number of enterprises) fall into the category of enterprises that has between 10 - 19 employees. Followed by 6 enterprises in the category of enterprises that has between 20 – 29 employees (with a percentage of 17.1 % of the total number of enterprises) and there were no enterprises in the other categories of number of employees (less than 10, 30-39 and 40-50 employees).

Table 5-11: Distribution of the SBEs by number of employees

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Less than 10	0	0.00	0.00
	<i>10 – 19</i>	<i>29</i>	<i>82.9</i>	<i>82.9</i>
	<i>20 – 29</i>	<i>6</i>	<i>17.1</i>	<i>17.1</i>
	30 - 39	0	0.00	0.00
	40 - 50	0	0.00	0.00
	<i>Total</i>	<i>35</i>	<i>100.0</i>	<i>100.0</i>

As age might be one of the factors affecting the implementation and adoption of new marketing philosophies like E-Marketing, table 5-12 illustrate the distribution of the participants by age. As can be seen from the table, the majority of the research participants (57.1 % - 20 participants) aged between 30 – 40 years, followed by 25.7 % of the respondents (9 participants) in the category of age under 30 years, 14.3 % of in the category of age between 41 – 50 years (5 participants) and 2.9 % (one participants) in the category of age between 51 – 60 years. In other words, 82.8 % of the research respondents were less than 41 years of age.

Table 5-12: Distribution of the participants by age

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Under 30 years	9	25.7	25.7
	30-40 years	20	57.1	57.1
	41-50 years	5	14.3	14.3
	51-60 years	1	2.9	2.9
	Over 60 years	0	0.00	0.00
	<i>Total</i>	<i>35</i>	<i>100.0</i>	<i>100.0</i>

On the other hand with regards to the level of education of the participants, table 5-13 illustrate the distribution of the respondents by level of education. As can be seen from the table, the majority of the participants (57.1 % - 20 participants) had only a collage certificate or less, 40% (14 participants) were university graduates and only one participant (2.9 % of the total) commenced postgraduate studies.

Table 5-13: Distribution of the participants by level of education

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Collage certificate or less	20	57.1	57.1
	University graduate	14	40.0	40.0
	Postgraduate studies	1	2.9	2.9
	<i>Total</i>	<i>35</i>	<i>100.0</i>	<i>100.0</i>

5.4 Semi-structured interviews analysis:-

The answers of the SBEs owners, marketing managers and/or sales managers collected during the interviews were transcribed, sorted and analysed depending on template analysis. The frequency of the participants own words that had been used to answer the interviews questions were used to identify and categorise the different aspects and relationships related to E-Marketing and to illustrate differences and similarities within the participants responses.

This semi-structured interviews analysis is structured in three main sections; while the first one is devoted to evaluate the current knowledge about E-Marketing among Egyptian SBEs, the second section is devoted to explore the different factors that might have an impact on the adoption of E-Marketing by these SBEs and finally the third section is devoted to explore different effects of E-Marketing adoption on the marketing performance of Egyptian SBEs.

5.4.1 Current knowledge about E-Marketing among Egyptian small business enterprises

The findings of the case studies based on the interviews conducted with the Egyptian SBEs were surprising with regard to the knowledge related to E-Marketing among these SBEs. It was expected to find good level of knowledge about E-Marketing among these SBEs based on the high level of Internet diffusion among the Egyptians (according to Internet World Stats - 2009b, Egypt is the largest African country in using the Internet with more the 10.5 million users), the good electronic infrastructure provided by the government in the IT and communications fields and the large number of SBEs that were found to practice one form or another of E-Marketing. In contrast to these expectations, the findings of the case studies show a very poor knowledge about E-Marketing among Egyptian SBEs. As can be seen in table 5-14 (which summarise the findings related to E-Marketing knowledge among Egyptian SBEs), all the 35 SBEs did not know what is the meaning of E-Marketing? Within this context, most of these SBEs owners, marketing managers and sales managers did not know anything about E-Marketing and the few of them who illustrated some knowledge about E-Marketing did not really provide any level of knowledge related to E-Marketing within the interviews.

Table 5-14: Findings related to E-Marketing knowledge among Egyptian SBEs

<i>Subject</i>	<i>Yes</i>		<i>No</i>	
	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>
Knowing what is the meaning of E-Marketing	0	0 %	35	100 %
Knowing what are the different tool of E-Marketing	0	0 %	35	100 %
Knowing any of the different tool of E-Marketing	3	9 %	32	91 %
Knowing any of the different forms of E-Marketing	0	0 %	35	100 %
Knowing what is the meaning of Internet Marketing	7	20 %	28	80 %
Knowing what is the meaning of E-Mail Marketing	7	20 %	28	80 %
Knowing what is the meaning of Mobile Marketing	5	14 %	30	86 %
Knowing what is the meaning of Intranet Marketing	0	0 %	35	100 %
Knowing what is the meaning of	0	0 %	35	100 %

Extranet Marketing				
Knowing what is the meaning of E-Commerce	5	14 %	30	86 %
Knowing what is the meaning of E-Business	3	9 %	32	91 %
Did you study marketing before	4	11 %	31	89 %
Did you participated in any marketing training course before	3	9 %	32	91 %
Do you know how to use computers	16	48 %	19	52 %
Do you have any access to the Internet	18	54 %	17	46 %

Moreover, when asked about the different tool of E-Marketing all the 35 SBEs owners, marketing managers and sales managers did not know what are these tools. But when discussing with them these tools three of them (with a percentage of 9 % of the total number of SBEs) had a very immature inexperienced knowledge about some of the tools used for conducting E-Marketing namely Internet Marketing and E-Mail Marketing. Within the same line; another four SBEs owners, marketing managers and sales managers (with a percentage of 11 % of the total number of SBEs) knew about Internet Marketing, seven of them (with a percentage of 20 % of the total number of SBEs) knew what is E-Mail Marketing and finally five of them (with a percentage of 14 % of the total number of SBEs) knew what is Mobile Marketing but regardless of that these SBEs owners, marketing managers and sales managers did not know or perceive Internet Marketing, E-Mail Marketing or Mobile Marketing as one of the tools associated to E-Marketing.

On the other hand, no single SBEs owner, marketing manager or sales manager knew or had any kind of knowledge about Intranet Marketing, Extranet Marketing or the different E-Marketing forms. Moreover, only five of the SBEs owners, marketing managers and sales managers (with a percentage of 14 % of the total number of SBEs) had some knowledge about E-Commerce and only three of them (with a percentage of 9 % of the total number of SBEs) had some knowledge about E-Business.

With regard to normal knowledge of marketing, only four SBEs owners, marketing managers and sales managers (with a percentage of 11 % of the total number of SBEs) studied marketing and only three of them (with a percentage of 9 % of the total number of SBEs) did participate in a marketing related training courses.

Surprisingly and unexpectedly, only 16 of the participants (with a percentage of 48 % of the total number of SBEs) knew how to use computers! Moreover, only 18 of them (with a percentage of 54 % of the total number of SBEs) had access to the Internet.

Within this respect, even having an access to the Internet is meaningless because in most cases even if the SBEs owners, marketing managers and sales managers have an access to the Internet they will not have the needed knowledge to develop and conduct E-Marketing activities. As noted by one SBE owner:-

“Yes I have Internet access but I do not have the knowledge/information for developing my enterprise website or the money needed to employ someone to develop it for me.....No I do not know how much it cost to develop a website.....I just believed that it will cost a lot, really a lot, KHARAAB BEYOUT YA ANY (as Egyptian expression - phrase - to express the very high cost of something).....NO I do not know any information about Yahoo Small Business”.

Based of the findings of this research, it would appear that the Egyptian SBEs owners, marketing managers and sales managers are at very early stage in using E-Marketing and may have limited knowledge about the different tools or forms related to it.

5.4.2 Different factors affecting the adoption of E-Marketing by Egyptian small business enterprises:-

Through the interviews with the Egyptian SBEs owners, marketing managers and sales managers to explore what could be the different factors that might have an impact on E-Marketing adoption and encouraged these SBEs to adopt E-Marketing, surprisingly only very few of these SBEs actually conducted professional or acceptable E-Marketing activities. Within this respect and as can be seen in table 5-15 which summarise some of the findings related to these factors affecting the adoption of E-Marketing, only four of these SBEs (with a percentage of 11 % of the total number of SBEs) has its own website, only nine SBEs (with a percentage of 26 % of the total number of SBEs) depend on e-mail in conducting marketing activities, only one SBE (with a percentage of 3 % of the total number of SBEs) has a contact list for its customers or perspective customers/clients. Moreover, no single SBE used mobile phones, Intranets or Extranets in conducting its marketing activities.

Table 5-15: Findings related to the factors affecting the adoption of E-Marketing among Egyptian SBEs

<i>Subject</i>	<i>Yes</i>		<i>No</i>	
	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>
Do you have your own website	4	11 %	31	89 %
Do you depend on e-mail in conducting your marketing activities	9	26 %	26	74 %
Do you have a contact list for your customers or perspective customers/clients	1	3 %	34	97 %
Do you use mobile phones to conduct your marketing activities	0	0 %	35	100 %
Do you use Intranets to conduct your marketing activities	0	0 %	35	100 %
Do you use Extranets to conduct your marketing activities	0	0 %	35	100 %

The majority of SBEs depended totally on the Egyptian international trade points in conducting its marketing activities. The international trade points had gone the extra mile for the SBEs registered in it. As a result of that and because of the nature of the international trade points which is totally devoted towards external markets to increase the value of Egyptian exports, the SBEs had only conducted partial narrow-minded E-Marketing activities and in most of the cases these E-Marketing activities were directed towards only external markets.

When exploring the different factors that might have an impact on E-Marketing adoption by Egyptian SBEs it was noticed that only few of these enterprises have a website or conduct E-Marketing in as acceptable format. When investigating the main reasons for that it was found that: size of the firm, type of products, available resources for the SBE, the knowledge of the SBE owner, marketing manager or sales manager, customers orientation towards E-Marketing, the availability of government support in the form of international trade points and finally the effect of the small business success are the most important factors that had a great impact on the decision of adopting E-Marketing or at least one of its tools or forms by Egyptian SBEs. As noted by some of the Egyptian SBEs owners, marketing managers and sales managers during the interviews:-

“I do not have a website....I am too small to do so”.

“I do not need to have a website now....I am small and my products is not huge...accordingly the international trade point is good enough for me...moreover, they do it all for me I do not need to do anything about it”.

“I thought of having my own website but I did not go farther in that because I do not have enough money to pay the website developer”.

“I do not how to make a website and I do not know anyone who can do it for me”.

“I just made the photos for my products and hand it in to the clerk in Beni Soueif international trade point and he launched the photos in the international trade point website with my details”.

“YA AAM KOUL YA BASET (as Egyptian expression - phrase - to express the unavailability of something or the total dependence on luck to achieve something), I am too small for that”.

“I do not know how to use the computer, how can I develop a website?”

“I do not know how to read and write....these E-Marketing related issues are too complicated from my side of things....do business in the normal traditional way is much more suitable to me....I enjoy the traditional way of conducting marketing and business”.

“I did not think about using e-mails to conduct marketing activities because I do not know how to get the e-mail addresses of my prospective clients”.

“My customers do not like E-Marketing tools, they do not like or trust the Internet....they need to see the goods themselves to make sure that everything is OK”.

“The type of my product really does not suit the Internet.....onions and garlic.....I did try to use the international trade point because it is free and I thought that it worth trying.....Not really, I did not got that much out of using international trade point web marketing”.

“Yes, I have a webpage....it is a static one, I did not update it since I developed it through using Microsoft FrontPage”.

“I do not have Internet access in my small business or at my home.....I access the Internet through the local Internet Cafe in my village”.

7.4.3 The impact of E-Marketing adoption on the marketing performance of the Egyptian small business enterprises:-

Based on the interviews with the Egyptian SBEs owners, marketing managers and sales managers, it was observed that the majority of participants does not perceive

E-Marketing as one of the effective tools to gain competitive advantage. Moreover, they did not find any good impact for E-Marketing on the marketing performance of their SBEs. As noted by one of small business enterprises owners:-

“I am not going to develop a website for my business or do anything similar to that.....I tried this website thing through the international trade point website but it did not work for me”.

Another small business enterprise owner noted that:-

“The type of my product really does not suit the Internet.....onions and garlic.....I did try to use the international trade point because it is free and I thought that it worth trying.....Not really, I did not got that much out of using international trade point web marketing”.

Another two marketing managers noted:-

“I send a lot of e-mails to promote my products but the response to these e-mails are very small and weak”.

“If the international trade point closed its services for me I am not going to do it myself,..... it is worthless”.

Not surprisingly (based on the level of knowledge that the Egyptian SBEs owners, marketing managers and sales managers have), these SBEs owners, marketing and sales managers did not find any positive impact for E-Marketing adoption on the marketing performance of their enterprises. In contrast, most of them (based on the findings of the interviews) perceived E-Marketing as a waste of money, effort and time which is unexpected and surprising.

5.5 Conclusion:-

Based on the results of this exploratory study, this research has made the following assumptions:-

1. The response rate of the Egyptian SBEs is extremely low (less than 1% based on the results of the exploratory survey) and does not encourage conducting a comparative study between the Egyptian SBEs and their counterparts in the UK.
2. The Egyptian SBEs owners, marketing managers and sales managers are at very early stage and have limited knowledge about E-Marketing as well as the

different tools or forms involved.

3. The size of the SBE, type of products, available resources for the SBE, the knowledge of the SBE owner, marketing manager or sales manager, customers orientation towards E-Marketing, the availability of government support in the form of international trade points and finally the effect of the small business success are the most important factors that might have a great impact on the decision of adopting E-Marketing or at least one of its tools or forms by Egyptian SBEs.
4. Egyptian SBEs owners, marketing and sales managers currently do not appear to understand the potential for E-Marketing adoption or how this adoption can affect the marketing performance of their SBEs.

As a result, it was decided to focus this research on UK SBEs (taking into consideration the factors generated from the Egyptian exploratory study) in order to generate more reliable and generalisable results. Instead a future study of emerging economies and E-Marketing is recommended for future research.

5.6 chapter summary:-

Although this exploratory study revealed some unexpected results, it is considered to be an important illustration of E-Marketing practices in an emerging economy. The contextual activities of Egyptian SBEs are also informative. The chapter provided information about the numbers of Egyptian SBEs (in formal and informal sectors), the geographical distribution of these enterprises and Egyptian women's work status within SBEs. Afterwards, the different Egyptian institutions linked to SBEs in Egypt were discussed. The discussion illustrated that there are three main institutions linked to SBEs in Egypt which are The Social Fund for Development (SFD), the Small Enterprise Development Organisation (SEDO) and the Arab Union for Small Enterprises. Within the chapter the three institutions were discussed to demonstrate their missions, goals and impact on SBEs in Egypt.

The chapter provided a complete report for the details of the exploratory study and its main findings which showed that Egyptian SBEs owners, marketing managers and sales managers are at a very early stage and with limited knowledge about E-Marketing as well as the different tools or forms related to it. Moreover, it was found

that the size of the SBE, type of products, available resources for the SBE, the knowledge of the SBE owner, marketing manager or sales manager, customers orientation towards E-Marketing, the availability of government support in the form of international trade points and finally the effect of the small business success are the most important factors that have a great impact on the decision of adopting E-Marketing or at least one of its tools or forms by Egyptian SBEs. Finally, it was found that Egyptian respondents did not fully understand the potential for E-Marketing adoption on the marketing performance of their SBEs. For that this research will be focused on UK SBEs (taking into consideration the factors generated from the Egyptian exploratory study) which is going to generate more reliable and generaliseable results.