

Chapter 6

Exploratory phase 2: exploring E-Marketing practices by UK SBEs

6.1 Introduction:-

This chapter discusses the second stage of the exploratory study focusing on E-Marketing practices in UK SBEs. Following the research methodology outlined in chapter four (section 4.5); the second stage of the exploratory research is devoted to explore the current aspects related to E-Marketing adoption by UK SBEs. The chapter starts with an analysis of the current circumstances related to SBEs in the UK, followed by an account of the details of the exploratory study of these SBEs. Finally the chapter makes an analysis of the findings of the exploratory study and based on these findings the most important factors to be found to affect the adoption of E-Marketing by UK SBEs is discussed with reference to the literature so that these factors can be used to construct of the research framework. This process is important since one of the main aims of this research is to identify the different factors that affected SBEs in adopting E-Marketing as a new technology in order to find the leverage points that could be used and result in greater use of E-Marketing as a tool for achieving better marketing performance. Thereafter the research framework will be constructed and the research hypotheses will be developed.

6.2. Small Business Enterprises in the UK:-

SBEs play an important social and economic role in the UK as any other country all over the world. According to the statistics of the UK Department for Business, Enterprise and Regulatory Reform - BERR (2009), the total number of registered business organisations in the UK at the beginning of 2007 (excluding the Government and non-profit organisations) and most of these organisations (99.3 %) were small (0 to 49 employees). Only 27,000 (0.6 %) were medium-sized (50 to 249 employees) and 6,000 (0.1 %) were large (250 or more employees) (BERR, 2009). Figure 6-1 illustrates the share of enterprises, employment and turnover by size of business UK private sector at the start of 2007.

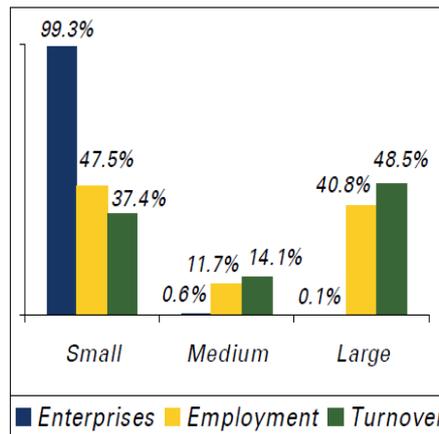


Figure 6-1: Share of enterprises, employment and turnover by size of UK private business sector at the start of 2007.

Source: The Department for Business, Enterprise and Regulatory Reform - BERR (2009)

With regard to employment and according to the statistics of the UK Department for Business, Enterprise and Regulatory Reform - BERR (2009), at the start of 2007 the UK business organisations employed a total of 22.7 million people, and had an estimated total combined annual turnover of £2,800 billion. Small business enterprises accounted for 47.5 % of this employment and for 37.4 % of the total turnover within the UK. Both small and medium-sized enterprises accounted for more than half of the employment (59.2 %) and turnover (51.5 %) in the UK (figure 6-2).

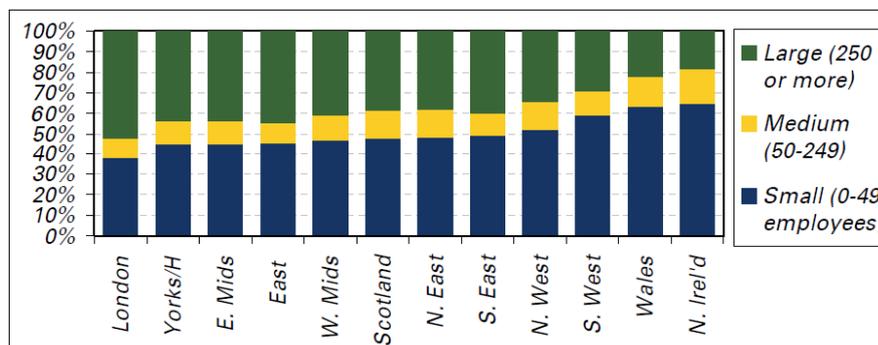


Figure 6-2: Employment in UK private sector at the start of 2007 according to organisation size

Source: The Department for Business, Enterprise and Regulatory Reform - BERR (2009)

Although 47.5 % of business employment within the UK was generated by SBEs in the start of 2007, this employment diverted among the UK industries as illustrated in Figure 6-3.

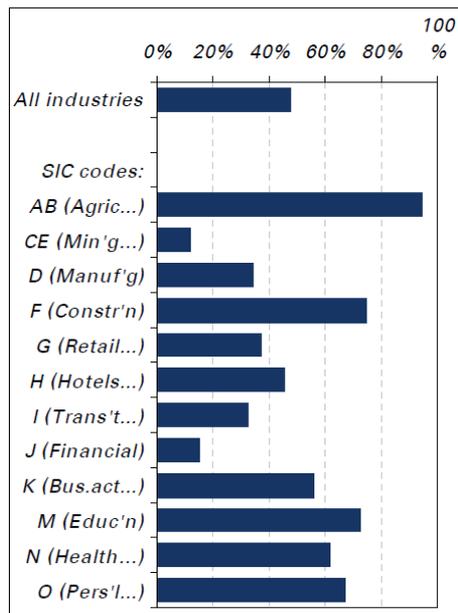


Figure 6-3: Share of employment in small enterprises (0 to 49 employees) by industry sector in UK private sector at the start of 2007.

Source: The Department for Business, Enterprise and Regulatory Reform - BERR (2009)

As can be seen from figure 6-3, 94.3 per cent of employment in the sections A and B of the UK Standard Industrial Classification (SIC) were in small enterprises. Nevertheless only 12.0 per cent of employment was in small enterprises in mining and quarrying; electricity, gas and water supply (sections C and E). On the other hand, the share of turnover in small enterprises categories also varies between different industries and ranging from 7.6 % in section E and C (Manufacturing) of the standard industrial classification to 87.8 % in sections A and B (Agriculture etc.). Overall, the turnover in small enterprises scored 37.4 % of the total turnover (BERR, 2009).

Moreover according to the annual report of the UK federation of small businesses (FSB) for the year 2008, small firms contribute over 50% of UK GDP and 64% of all commercial innovations come from small firms (FSB, 2009). Meanwhile with regard to the number of enterprises across the UK, according to Fraser (2005) 38% of small businesses are located in London and the South East, 87% are located in England, 5% are located in Scotland, 5% are located in Wales and only 3% are located in Northern Ireland.

6.3 Exploring the factors affecting E-Marketing adoption by UK SBEs:-

As discussed in chapter three (section 3.4.1) and based on a comprehensive review of the literature, studies in the field depended not only on TAM and the IDT to understand the adoption of new technologies but also a number of other factors were found to have an impact on the adoption of such new technologies. These factors are: top management support, product characteristics, organisational readiness, organisation size, cost, accessibility, types of products produced by the organisation, organisation financial resources, organisation technical resources, organisation human resources, information intensity, industry pressure (competition), national infrastructure, security, government pressure and/or support, consumer readiness, support from technology vendors, international orientation of the enterprise and entrepreneur skills.

Although, it is also noticed that organisational readiness (size, cost, accessibility, financial technical and other resources), security, government pressure and/or support, industry pressure (competition), top management support, international orientation of the enterprise and owner skills are the most investigated factors within the field which does not reflect only the high importance of such factors in the adoption of new technologies but also reflects a potential possibility to use these factors to investigate its impact on the adoption of other technologies or electronic phenomena's (like E-Marketing) by small business enterprises, more methodological tools were adopted to investigate the most important factors among these factors namely focus groups, interviews and survey.

6.3.1 The focus group:-

A focus group is one of the commonly used research techniques in social science. Within this context, Krueger (1995) argues that the number of citations of focus groups in health research has increased exponentially since the eighties of the twenty century (Krueger, 1995; P: 524). On the other hand, according to Thomas et al. (1995) a focus group is a technique that involves the use of in-depth group interview in which the participants of the group are chosen to represent a sample of a particular research population in order to investigate a specified topic (Thomas et al., 1995). The participants in the focus group are usually selected based on a main criterion which is that they should have good knowledge about the subject in hand. Within this context, Richardson and Rabiee (2001) and Burrows and Kendall (1997) illustrate that this

approach in selecting the focus group participants is related to the concept of applicability where the participants are selected because of their knowledge of the study area.

The most unique characteristic of these sessions is related to group dynamics within the focus groups (Thomas et al, 1995). According to Green et al. (2003), the uniqueness of a focus group is its ability to generate data based on the synergy of the group interaction. As a result, focus groups normally generate a wide range of different data related to the topic discussed. Moreover, Thomas et al. (1995) argue that the type and range of data generated through focus groups and the social interaction of the group are often deeper and richer than the data obtained from one to one interviews (Thomas et al. 1995). As a focus group technique is used for the purpose of exploring the importance of the factors related to the adoption of new technologies arising from the literature, this research used the technique (one focus group) to test and filter the factors resulted from the literature and determine the most important factors among it in accordance to the five steps illustrated in figure 6-4.

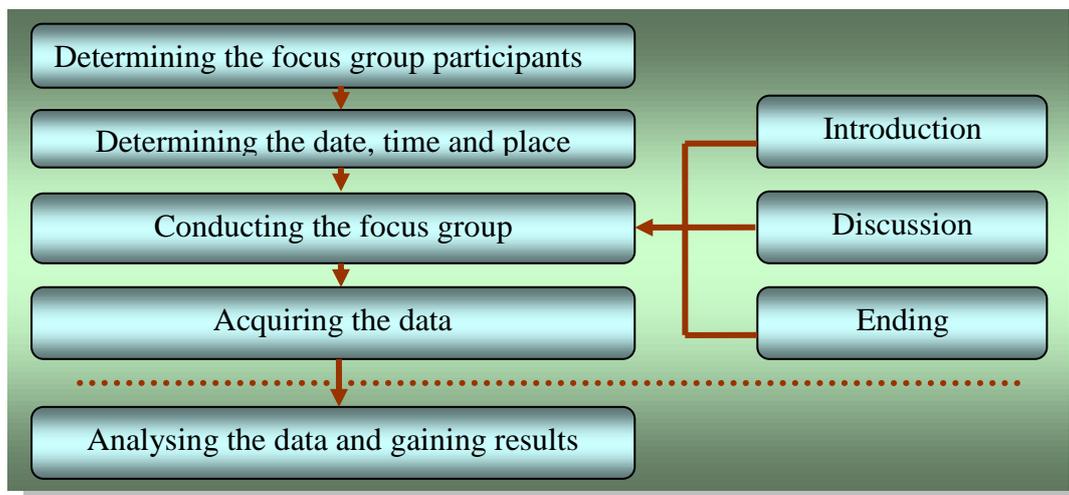


Figure 6-4: The processes employed by the researcher to conduct the research focus group

As can be seen, the focus group design starts with the determination of the focus group participants (figure 6-4). The number of participants may vary according to the nature of the research problem, the experience of the researcher as a leader for focus groups, complexity of the topic discussed and the availability of participants. Although some studies provide guidance to the most suitable number of participants for a focus group, for example Krueger and Casey (2000) suggest a number between six and eight participants and Rabiee (2004) argues that a manageable number of

participants would be between six and ten participants to gain diversity among participants and ensure that the focus group is not fragmented. With this in mind, it was determined to conduct a focus group of seven to nine participants depending on the willingness of the participants, in line with the recommendations of other researchers in the field (e.g. Rabiee, 2004; Krueger, 1995 and Krueger and Casey, 2000) and to gain the needed data. To recruit the focus group participants, 17 academic researches, small business owners and marketing practitioners within West Yorkshire County in the UK were approached. The details of the prospective participants were gained from local business directory. The main drivers in the selection of participants were their knowledge about marketing, E-Marketing and business. Out of these 17 prospective participants 9 participants agreed to participate. They were distributed as follows: five academic researchers within Bradford University School of Management, three small business owners (two from Bradford city and one from nearby Leeds city) and one marketing practitioner from a British private company based in Leeds.

After consulting with all the nine focus group participants a suitable date, time and place was agreed to be at Bradford University School of Management and for about 2.5 hours during October 2007. During the proceedings, the researcher led the discussions about the key topics arising from the literature related to the factors affecting the adoption of E-Marketing by SBEs. The event was recorded so that it could be summarised and analysed in some detail.

Firstly, the researcher provided an introduction about the subject, the participants and the objectives of the focus group. Then the researcher opened the discussion and guided the group interview with the participants to give them the chance to discuss the topics raised. All the possible efforts was done to manage the focus group and the discussion in a way that could create a suitable environment in which the participants feel relaxed and encouraged to engage in the discussion.

As a result of the discussions, it was found that the participants believe that not all the factors generated from the literature review have a significant impact on the adoption of E-Marketing by SBEs. Instead, they believed that E-Marketing adoption by the SBEs will be driven by the following factors: relative advantage, compatibility, top management support, perceived usefulness, perceived ease of use, organisation

size, cost, type of product, organisational culture, accessibility, financial technical and other resources, industry pressure, competition, market trends, national infrastructure, security, government pressure and/or support, consumer readiness, international orientation of the enterprise and entrepreneur (owner) skills. As a result, three factors were excluded from the factors generated from the literature. These factors were: support from technology vendors, complexity and trialability.

6.3.2 The first survey:-

Based on the findings of the focus group, a survey was conducted through a relatively small electronic questionnaire to investigate the importance of the factors resulted from the focus group with regards to E-Marketing adoption by UK SBEs (see appendix two). The questionnaire targeted a sample of 75 small business enterprises within West Yorkshire that were selected randomly from a population of 375 SBEs in this region. The sample represents 20% of the population (as accepted by most researchers within the field) generated from FAME database using the criteria for SBEs. Out of the 75 SBEs 29 SBEs completed the electronic questionnaire with a response rate of 38%. This response rate was achieved through follow ups using e-mails, mailed letters and phone calls to the SBEs owners and marketing managers. Moreover, some incentives were provided to encourage the participants to participate in the survey.

Table 6-1 illustrates the distribution of the survey participants by their position within the SBEs. As can be seen from the table, while 58.6 % of the participants (17 participant) were the small business owners themselves, 37.9 % of them (11 participant) hold the position of marketing manager in their enterprise and finally 3.4 % of them (only one participant) hold other positions (sales manager) and was in charge of E-Marketing implementation within his enterprise.

Table 6-1: Distribution of the survey SBEs participants by position

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	<i>Entrepreneur (Owner)</i>	<i>17</i>	<i>58.6</i>	<i>58.6</i>
	Marketing Manager	11	37.9	37.9
	Other	1	3.4	3.4
	<i>Total</i>	<i>29</i>	<i>100.0</i>	<i>100.0</i>

The participating SBEs were distributed among the main geographical regions of West Yorkshire (UK) and the distribution of these SBEs was representative for the survey research population. In this context and as can be seen from table 6-2, the majority of SBEs (44.8 % - 13 SBEs) were located in Bradford City followed by 20.7 % (6 SBEs) located in Leeds City, 13.8 % (4 SBEs) in Bingley, 10.3 % (3 SBEs) in Shipley, 6.9 % (2 SBEs) in Keighley and finally 3.4 % (one SBE) in Cleckheaton.

Table 6-2, Distribution of the survey participating SBEs by location

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Bradford City	13	44.8	44.8
	Leeds City	6	20.7	20.7
	Shipley	3	10.3	10.3
	Bingley	4	13.8	13.8
	Keighley	2	6.9	6.9
	Cleckheaton	1	3.4	3.4
	Total	29	100.0	100.0

With regards to the number of employees, as can be seen from table 6-3 the majority of participating SBEs (14 enterprises with a percentage of 48.3 % of the total) fall into the category of enterprises that has between 20 - 29 employees followed by 9 enterprises in the category of enterprises that has between 10 – 19 employees (with a percentage of 31 % of the total number of enterprises). Afterwards, 5 enterprises in the category between 30-39 employees (with a percentage of 17.2 % of the total), 1 enterprise in the category between 40-50 employees (with a percentage of 3.4 % of the total) and finally there was no enterprise in the category of enterprises that has less than 10.

Table 6-3: Distribution of the survey SBEs by number of employees

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Less than 10	0	0.00	0.00
	10 – 19	9	31.0	31.0
	20 – 29	14	48.3	48.3
	30 - 39	5	17.2	17.2
	40 - 50	1	3.4	3.4
	Total	29	100.0	100.0

As can be seen in table 6-4, the majority of the participating SBEs (11 enterprises with a percentage of 37.9 % of the total) were trading SBEs followed by

10 enterprises in the industrial sector (37.9 % of the total number of enterprises) and 8 enterprises in the service sector (27.6 % of the total).

Table 6-4: Distribution of the survey SBEs by sector (Type)

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Industrial	10	34.5	34.5
	Trade	11	37.9	37.9
	Service	8	27.6	27.6
	Total	29	100.0	100.0

Also the survey respondents had different business scope. As can be seen from table 6-5, the majority of survey respondents (48.3 %) were working nationally (14 SBEs) followed by 37.9 % that were working both nationally and internationally (11 SBEs) and finally 13.8 % of the respondents were working only internationally (4 SBEs).

Table 6-5: Distribution of the survey respondents by business scope

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Nationally	14	48.3	48.3
	Internationally	4	13.8	13.8
	Both	11	37.9	37.9
	Total	29	100.0	100.0

Table 6-6 illustrates the distribution of the respondents according to the time of the SBE in business. As can be seen from the, table most of the SBEs (34.5 %) were in business for 6 – 10 years (10 SBEs) followed by 31 % that were in business for more than 20 years (9 SBEs), 27.6 % that were in business for 11 – 20 years (8 SBEs) and finally 6.9 % of the respondents were in business for 5 years or less (2 SBEs).

Table 6-6: Distribution of the survey respondents by time in business

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	5 years or less	2	6.9	6.9
	6 – 10 years	10	34.5	34.5
	11 – 20 years	8	27.6	27.6
	More than 20 years	9	31.0	31.0
	Total	29	100.0	100.0

On the other hand, table 6-7 illustrate the distribution of the participants by age. As can be seen from the table, the majority of the survey participants (48.3 % - 14 participants) aged between 30 – 40 years, followed by 31 % of the respondents (9 participants) in the category of age between 41 – 50 years, 13 % under 30 years (4 participants), 3.4 % of in the category of age between 51 – 60 years (one participant) and 3.4 % (one participants) in the category of age over 60 years. In other words, 62.1 % of the survey respondents were less than 41 years of age.

Table 6-7: Distribution of the survey participants by age

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Under 30 years	4	13.8	13.8
	30-40 years	14	48.3	48.3
	41-50 years	9	31.0	31.0
	51-60 years	1	3.4	3.4
	Over 60 years	1	3.4	3.4
	Total	29	100.0	100.0

With regards to the level of education of the participants, table 6-8 illustrates the distribution of the respondents by level of education. As can be seen from the table, the majority of the participants (58.6 % - 17 participants) were university graduates, 24.1 % (7 participants) had a collage certificate, and five participant (17.2 % of the total) commenced postgraduate studies.

Table 6-8: Distribution of the survey participants by level of education

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Collage certificate	7	24.1	24.1
	University graduate	17	58.6	58.6
	Postgraduate studies	5	17.2	17.2
	Total	29	100.0	100.0

Table 6-9 illustrate the distribution of the respondents by years of working within the SBE. As can be seen from the table, the majority of the respondents (41.4 %) worked within their enterprises for 5 – 10 years, followed by 31% of the respondents worked for more than 10 years and 27.6 % of them had worked in the small enterprises for less than 5 years.

Table 6-9: Distribution of the survey respondents by years of working within the small business enterprise

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
--	--	------------------	----------------	----------------------

<i>Valid</i>	Under 5 years	8	27.6	27.6
	5-10 years	12	41.4	41.4
	More than 10 years	9	31.0	31.0
	<i>Total</i>	<i>29</i>	<i>100.0</i>	<i>100.0</i>

Within the survey the respondents were asked to determine whether each of the factors generated from the focus group is important or not for the adoption of E-Marketing. Moreover, they were asked to determine the level of importance of each of these factors based on their experience on a four point scale. Table 6-10 illustrates the frequencies of each of these factors as well as the frequencies of the perceived importance of each of these factors with regards to the experience of the survey respondents.

Table 6-10: The frequencies of the survey factors and its perceived importance

<i>Factor</i>	<i>Frequency</i>	<i>Frequency of the factor as a ...</i>			
		<i>Very important</i>	<i>Important</i>	<i>Neutral</i>	<i>Not important</i>
Relative advantage	25	7	18	4	0
Compatibility	19	3	16	10	0
Top management support	26	18	8	3	0
Perceived ease of use	23	6	17	6	0
Organisation size	24	5	19	5	0
Cost	26	20	6	3	0
Type of product	26	9	17	3	0
Organisational culture	19	6	13	10	0
Technical resources	25	19	6	4	0
Competition	29	23	6	0	0
Market trends	29	23	6	0	0
Security	29	23	6	0	0
Government pressure	12	2	10	14	3
Government support	26	4	22	3	0
Consumer readiness	24	10	14	5	0
International orientation of the enterprise	20	11	9	6	3
Entrepreneur (owner) skills	25	18	7	4	0
Financial resources	26	19	7	3	0
National	11	1	10	14	4

infrastructure					
Perceived usefulness	12	3	9	15	2
Accessibility	9	2	7	13	7
Observability	7	0	7	18	4

Based on the findings generated from the analysis of the data collected through the electronic questionnaire, it was found that the factors that might have an impact on E-Marketing adoption by the SBEs from the participants point of view includes: relative advantage, compatibility, top management support, perceived ease of use, organisation size, cost, type of product, organisational culture, financial technical and other resources, competition, market trends, security, government pressure, government support, consumer readiness, international orientation of the enterprise and entrepreneur (owner) skills. Among these factors, top management support, cost, technical resources, competition, market trends, owner skills and financial resources were the most important factors affecting the adoption of E-Marketing.

As a result of the survey, four factors were excluded from the factors generated from the focus group. These factors were: accessibility, national infrastructure, observability and perceived usefulness. As can be seen from the results of the analysis, the data collected through the electronic questionnaire purified the research factors that might have an impact on E-Marketing adoption.

[6.3.3 The interviews:-](#)

To purify the factors resulted from the primary survey; a group of in-depth semi-structured interviews with some of SBEs owners and marketing managers was conducted. Invitation e-mails as well as an invitation letters were sent to the 75 preselected small business enterprises from the second phase of the exploratory study (the primary survey for UK SBEs). 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, nine small business enterprises agreed to participate in the research through an interview. All these nine small business enterprises were based in West Yorkshire County in the UK.

The SBEs owners and managers were contacted to discuss with them the most suitable time for conducting the interviews as well as the most suitable place for

commencing these interviews. Based on that, a schedule of the planned interviews was made containing all the necessary needed information about the interviews participants. The interviews were conducted with the SBEs owners and marketing managers on a face-to-face bases during January 2008.

The interviews questions were 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. Within the interviews, 18 open ended questions was used to gain the needed data. Each of these questions were assigned to one of the factors resulted from the primary survey.

Table 6-11 illustrates the distribution of the interviews participants by their position within the SBE. As can be seen from the table, the majority of the participants (77.1 % of the total number of participants - 8 participants) were the SBE owners themselves and 11 % of them (one participant) hold the position of marketing manager in one of the small enterprises.

Table 6-11: Distribution of the SBEs interview participants by position

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	Entrepreneur (owner)	8	89.0	89.0
	Marketing Manager	1	11.0	11.0
	Other	0	0.00	0.00
	<i>Total</i>	<i>9</i>	<i>100.0</i>	<i>100.0</i>

With regard to the location and as can be seen in table 6-12, the majority of SBEs (56 % - 5 SBEs) were located in Bradford City followed by 33 % (3 SBEs) located in Leeds City and 11 % (1 SBE) in Shipley. On the other hand, the majority of the participating SBEs 7 enterprises with a percentage of 78 % of the total number of enterprises) fall into the category of enterprises that has between 10 - 19 employees followed by 2 enterprises in the category of enterprises that has between 20 – 29 employees (with a percentage of 22 % of the total number of enterprises).

Table 6-12, Distribution of the interview participating SBEs by location

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>
Valid	<i>Bradford</i>	<i>5</i>	<i>56.0</i>	<i>56.0</i>
	<i>Leeds</i>	<i>3</i>	<i>33.0</i>	<i>33.0</i>
	Shipley	1	11.0	11.0
	<i>Total</i>	<i>9</i>	<i>100.0</i>	<i>100.0</i>

Table 6-13: 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>7</i>	<i>78.0</i>	<i>78.0</i>
	<i>20 – 29</i>	<i>2</i>	<i>22.0</i>	<i>22.0</i>
	<i>Total</i>	<i>9</i>	<i>100.0</i>	<i>100.0</i>

With regards to the participants' level of education, all the participants were university graduates. Moreover, all of them had worked within their enterprises for 5 – 10 years.

6.3.3.1 The interviews results:-

Within the interviews, it was tried to purify the factors resulted from the primary survey through in-depth discussion with the SBEs owners and managers. The analysis of the data generated from the nine interviews exposed some appealing findings about the factors affecting the adoption of E-Marketing by the UK SBEs. The primary general finding was that although cost was considered as one of the main factors affecting the adoption of E-Marketing by SBEs, the findings from the analysis of the interviews data revealed that cost does not play a major role in making the adoption decision.

The majority of participants (89% of the total) illustrated that the cost related issues were not important in adopting E-Marketing. Moreover, only one participant indicated that cost is very important factor towards E-Marketing adoption. Furthermore, when the researcher asked this participant about the cost associated with E-Marketing adoption, having a website or conducting E-Marketing activities he failed to know any information about these issues. Within this context, the researcher believes that this participant made some sort of stereotyping about cost related issues. Being a businessman, reducing cost is one of the major elements that guide the participant thinking. These findings goes inline with the findings of Al-Qirim (2006), who illustrated that cost does not delay the adoption decision of new technologies (e.g. E-Commerce) by SBEs in New Zealand. It was also interesting to find that most of the interviewees commented that security is not a major factor in adopting E-Marketing. Although most of the participants' recognised security related issues as something to consider and think about, the majority of the participants did not see

security as an important factor in its impact on the adoption of E-Marketing. As noted by some of the SBEs owners, marketing managers and sales managers during the interviews:-

“Adopting and implementing E-Marketing through the usage of the Internet and E-Mail marketing is not risky and everybody is doing it”

“...I do not think that E-Marketing and the use of Internet is expensive....in fact it is much cheaper than using other marketing techniques such as printed materials”

“I really can not see any reason to be concerned with security or risk issues related to using E-Marketing by my enterprise...I think that going on line is much safer than driving!”

“Using the Internet and having a web presence is a must nowadays and regardless of the cost or security issues related to that I am going to continue doing it”

“From my business perspective I believe that there in no risk in going online.....from a customers perspective, some of our customers still sometimes feel unsecure because of privacy and security issues but I do not think that this is going to continue.....from our side we try to show our customers that dealing with us on the web is highly secured”

Based on the findings generated from the analysis of the data collected through the interviews, it was found that the factors that might have an impact on E-Marketing adoption by the SBEs from the participants point of view includes: relative advantage, compatibility, top management support, perceived ease of use, organisation size, type of product, organisational culture, financial technical and other resources, competition, market trends, government pressure, government support, consumer readiness (cultural orientation towards E-Marketing), international orientation of the enterprise and entrepreneur (owner) skills. As a result of the interviews, two factors were excluded from the factors generated from the primary survey. These factors were: cost and security.

On the other hand, although security was excluded as a direct factor affecting the adoption of E-Marketing, due to its impact on the SBEs customer the research will consider the indirect impact of security on the customers cultural orientation towards E-Marketing as a factor affecting the adoption of E-Marketing.

To sum up; based on the results gained from the analysis of the data generated from the focus group, the primary survey and the interviews conducted with the SBEs owners and managers, for the purpose of conducting this research the TAM and IDT models will be extended to include the following factors: competitive pressures, government influences, market trends, cultural orientation towards E-Marketing, entrepreneur skills and support, organisational culture, SBE resources (financial, human and technical), type of the product, international orientation of the SBE and the SBE size. On the other hand, these factors were classified into two main groups according to its impact as can be seen in table 6-14. The justification of this classification is illustrated in the following part of the chapter.

Table 6-14: Environmental Micro and macro factors of the study

<i>Environmental Micro factors</i>	<i>Environmental macro factors</i>
<ul style="list-style-type: none"> - Entrepreneur skills and support. - Organisational culture. - SBE resources (financial, human and technical). - Type of the product. - International orientation of the SBE. - Size of the firm. - Perceived ease of use - Perceive relative advantage - Perceived compatibility 	<ul style="list-style-type: none"> - Competitive pressures and market trends. - Government influences. - Cultural orientation towards E-Marketing.

6.4 Factors affecting the adoption of E-Marketing by UK SBEs

Gallagher and Gilmore (2004) illustrated that regardless of the recognised opportunities and benefits of adopting and implementing an E-Marketing strategy, small businesses were slow to respond to the changes brought by the internet and were not yet making effective use of it. On the other hand, Whiteley (2000) argue that, in spite of the fact that technology improved business practice in terms of developing electronic markets, electronic data interchange and internet commercial transactions, a considerable number of SBEs have not capitalised on this new mode of business implementation. For that, it is enormously significant to study the possible factors or drivers affecting the adoption of E-Marketing by SBEs.

To conduct such a study – as discussed earlier - the effect of some factors on the adoption of E-Marketing by SBEs will be investigated. Following the results of the second stage of the exploratory study, this research will examine each of the factors generated in turn. These factors are: competitive pressures, government influences, market trends, cultural orientation towards E-Marketing, entrepreneur skills, organisational culture, SBE resource (financial, human and technical), type of the product, international orientation of the SBE, size of the firm, perceived ease of use, perceive relative advantage (usefulness) and perceived compatibility. These factors was chosen bearing in mind that in most cases SBEs are on the disadvantaged end of the global digital world and might lose the some benefits of E-Marketing (as the traditional literature suggests). But on the other hand, E-Marketing is conceptualised to be a management tool that can lead to huge organisational improvement.

On the other hand, although it can be seen that the factors and drivers of E-Marketing adoption by SBEs can be classified to Pro-active and Reactive factors or drivers, this research argues that it will be more efficient to classify it to Environmental Macro and Environmental Micro factors or drivers. This can be justified by reviewing the literature. As can be seen in the literature, a number of proactive and reactive factors and drivers had been acknowledged as motivators for SBEs to adopt E-Marketing activities or the internet for conducting marketing activities. In this respect, while proactive reasons include: the chance to eliminate competitive disadvantages of the SBE, the chance to lower operating and marketing costs, the chance to increase sales and profits, the opportunity to promote the enterprise better and enrich the marketing communications mix (Poon and Swatman, 1997; Downie, 2002; Jeffcoate et al., 2002; Dann and Dann, 2001), the reactive reasons include: increased competition from local competitors as well as larger firms, shrinkage or lack of domestic markets and the fear of competitive disadvantage (Kardaras and Papathanassiou, 2000; Premkumar and Roberts, 1999; Ching and Ellis, 2004).

However, the majority of the researchers and scholars within the literature (e.g. Eid, 2003, Fillis, et al (2004) and Doolin et al, 2003a) had classified these factors into internal and external environmental factors which are more applicable and practical in

the same time. Moreover what can be classified as reactive reasons for one industry might be classified as proactive reasons for another industry. On the other hand, as one of the main aims of this research is to identify the different factors affecting the adoption of E-Marketing as a new technology by SBEs in order to find the leverage points that could be used and result in greater use of E-Marketing as a tool for achieving better marketing performance, it is very important to gain a deep understanding about these factors. Nevertheless, while some of such factors are originated from the wider business environment which is beyond the direct control of the SBEs (e.g. competitive pressures, government influences and the cultural orientation towards E-Marketing), some other factors are derived from the SBEs internal environment which can be manageable by the SBEs owner and/or marketing manager. Accordingly, classifying the factors that might affect the adoption of E-Marketing by SBEs into Environmental Macro and Environmental Micro factors is logical.

Consequently, for the purpose of conducting this research, the factors and drivers of E-Marketing adoption by SBEs will be classified into: Environmental Macro, and Micro factors or drivers as illustrated in table 6-14. Both Environmental Macro and Micro factors for E-Marketing adoption by SBEs that had been included in the conceptual framework of the research are illustrated and discussed below.

6.4.1 Environmental macro (External) factors:-

A lot of researchers, scholars and practitioners had progressively considered factors related to the external environment of the enterprise as one of the key components of successful Internet and E-Marketing implementation (Fillis, Johansson and Wagner, 2004; Eid, 2003; Chan and Swatman, 2000; Duggan and Deveney, 2000; Furnell and Karweni, 1999; Poon and Jevons, 1997; Quelch and Klien, 1996; Ratnasingham, 1998; Urban et al., 2000; Wilson and Abel, 2002). These external environmental factors can include any uncontrollable factor within the enterprise external forces, but for the purpose of conducting this research only some of these external forces will be investigated. These factors are: cultural orientation towards E-Marketing, competitive pressures, government influences and market trends.

6.4.1.1 Competitive pressures and Market trends:-

Competitive pressures and/or different market trends could be one of the most important factors affecting the adoption of E-Marketing. Porter (1985) argues that reaction to the enterprise competitors is an important component of strategy formulation for all companies regardless of its sizes. Furthermore, in his more recent articles he had concluded that increased adoption of the Internet will lead to increased competition within markets (Porter, 2001). Moreover, Jacobs and Dowsland (2000), Daniel and Myers (2000) and Campbell, (2000) argue that smaller businesses have been encouraged to adopt E-Commerce as a means of improving their competitiveness either with other SBEs or with larger companies where they can increase the efficiency of their business by adopting E-Commerce.

Although there are many studies on the adoption and use of E-Marketing, Internet marketing, E-Commerce and E-Business by large companies, fewer studies had been undertaken on the adoption and use of these fields in the specific context of small enterprises. Webb and Sayer (1998), Poon and Swatman (1999), Daniel and Storey (1997), Daniel and Wilson (2002), Jacobs and Dowsland (2000), Poon and Jevons (1997), Kuan and Chau (2001), Grandon and Pearson (2004), Chang and Cheung (2001), Mehrtens et al (2001), Hamill and Gregory (1997), Iacovou et al (1995), Chwelos et al (2001), Zhu et al (2003), Al-Qirim (2007), Al-Qirim (2006), Grandon and Pearson (2003), Dutta and Evrard (1999), Lertwongsatien and Wongpinunwatana (2003), Scupola (2003), Yu (2006), and Looi (2004) are some examples of the studies that had been conducted in the context of small and medium sized enterprises. Most of these studies found that competitive pressure is one of the main drivers of electronic commercial activities (Yu, 2006; Al-Qirim, 2007; Al-Qirim, 2006; Daniel and Wilson, 2002; Grandon and Pearson, 2004; Chang and Cheung, 2001; Mehrtens et. al., 2001; Chwelos et. al., 2001; Doolin et al, 2003; Zhu et al, 2003; Grandon and Pearson, 2003; Lertwongsatien and Wongpinunwatana, 2003; Scupola, 2003; and Looi, 2004).

For example, through a study about the adoption intentions and benefits realised of E-Commerce in UK SME's Daniel and Wilson (2002) found that the main driver of E-Commerce adoption by UK SME's consists only of the respond to competitive pressure. They also illustrated that SBEs are keen not to be left behind and are adopting E-Commerce as a defensive reaction to the activities of other firms.

Similarly, Lertwongsatien and Wongpinunwatana (2003) found that competitive pressure and industry competitiveness is one of the factors influencing E-Commerce adoption decisions. Within the same line, Al-Qirim conducted two studies to investigate E-Commerce adoption by SBEs in New Zealand. In his first study (Al-Qirim, 2006); he found that competition and competitive pressure is one of E-Commerce adoption factors in SBEs. These findings were supported by the findings of his second study (Al-Qirim, 2007) which revealed the same results regardless of using different methodology. On the other hand, Looi (2004) found that competitive pressure is one of the factors influencing E-Commerce adoption among small and medium size enterprises in Brunei Darussalam. This also goes on line with the findings of Yu (2006) who find that competitive pressure and pushes from outside the company have big influence on Taiwanese SBEs E-Marketplace adoption decisions.

Moreover, Scupola (2003) found that external pressure from the competitors is one of the main factors influencing the adoption of Internet commerce by SBEs in the south of Italy. Similarly, Grandon and Pearson (2003) found that external pressure is one of the main factors influencing the adoption of E-Commerce by Chilean small and medium businesses. Furthermore, the findings of Grandon and Pearson (2003) and Scupola (2003) are identical with the findings of: Kuan and Chau (2001), Chang and Cheung (2001), Mehrtens et al (2001), Iacovou et al (1995), Chwelos et al (2001) and Zhu et al (2003).

However, these studies was concentrated on Internet marketing, E-Commerce and E-Business and for that there still a need to study the impact of competitive pressure on E-Marketing adoption from a SBEs perspective. Based on that and for the purpose of conducting this research, the impact of competitive pressure on E-Marketing adoption by SBEs will be investigated.

6.4.1.2 Government influence:-

Government practices can have a huge impact on the adoption of E-Marketing by SBEs. In this context, Javalgi et al. (2004) illustrated that in rising electronic economies, government involvement is considered as a significant driver for the diffusion of new technologies. They also argue that government involvement can encourage the implementation of such technologies by different firms. However, it is

not enough for a country's government to only implement some guidelines and policies regarding the use of electronic business transactions (Schillewaert, Rapp and Rapp, 2007). A country's government has to take some practical movements to eliminate any barriers that might be considered as obstructs for E-Marketing practices (Javalgi and Ramsey 2001).

Consequently, government involvement may actually affect the ability and desire of SBEs to move towards E-Marketing. Because a firm's adoption and/or implementation of E-Marketing are likely to depend on the degree to which the government informs, provides incentives and protects the firm with supportive regulatory initiatives. On the other hand, the availability of a supportive legal environment by the government could be one of the important elements of speeding the process of E-Marketing adoption. Nowadays, the majority of customers are concerned with the availability of a reliable legal support for the commercial usage of the Internet. Within this context, Zugelder et al. (2000) argue that customer protection is one of the most important legal issues linked with E-Marketing.

Moreover, with a good incentives policy (tax exemption, providing funds, providing suitable training programmes, etc) the government can attract a larger number of SBEs to adopt E-Marketing. In this respect, some governments had recognised the importance of SBEs in relation to information and communication technologies (ICT) adoption. For example, in 2000 the UK established some targets and corresponding investments to raise the adoption of ICT among SME's. These targets included:-

- To raise connectivity to 1 500 000 SME's in the UK,
- To attain 1 000 000 SME's ordering and paying online by mid 2001,
- To attain parity with the best in the world in terms of the DTI five-stage adoption ladder (DTI, 2008).

On the other hand, a number of studies had investigated the impact of government influence (government pressure / support) on electronic transactions adoption. Kuan and Chau (2001), Grandon and Pearson (2004), Chang and Cheung (2001), Simpson and Docherty (2004), Tsao, Lin, and Lin (2004) Lawson (2003) and Looi (2004) are examples of those researchers. In this respect, Looi (2004) argues that government support is one of the factors influencing electronic commerce adoption among small

and medium size enterprises in Brunei Darussalam. Moreover, Tsao, Lin, and Lin (2004) found that governmental support is one of the critical success factors in the adoption of B2B E-Commerce by Taiwanese companies. These findings goes in context with the findings of Kuan and Chau (2001), Grandon and Pearson (2004), Chang and Cheung (2001) and Simpson and Docherty (2004). Also Lawson (2003) illustrated that lack of government incentives in one of the major barriers of E-Commerce adoption by Australian small and medium size enterprises.

Nevertheless, there is a shortage of research investigating the impact of governmental support and/or pressure on the adoption of E-Marketing by SBEs. Consequently, this research will add to the body of knowledge in the field of E-Marketing by investigating this impact.

6.4.1.3 Cultural orientation towards E-Marketing by SBE customers:-

Most researchers within the fields of social science consider culture as one of the significant factors in both adopting and the success of Internet marketing and E-Marketing (Chan and Swatman, 2000; Cronin, 1996a, 1996b; Hofacker, 2001; Kotab and Helsen, 2000; Palumbo and Herbig, 1998; Samiee, 1998; White, 1997). According to Samiee (1998) the first component in the adoption of E-Marketing is the availability of an encouraging environment. Based on his arguments, for E-Marketing tools (e.g. the Internet) to be used as an effective marketing tool, all parties in the relationship or the transaction must be familiar with IT and networks and value the benefits and the potential applications of both the Internet and WWW.

Within this context, without an encouraging culture, technology might not be able to change the traditional relationships between an enterprise and its customers. For example if a given culture places more value on having a strong ties and personal relationships when conducting business or if customers are in favor of informal and personal relationship based transactions, there will be no effective implementation of E-Marketing. This powerful personal orientation can make any self-service form of many E-Marketing based activities fairly unattractive and undesirable.

Moreover, consumers in most cultures are skeptical, particularly in terms of trust in service reliability and security of the Internet (Rotchanakitumnuai et al., 2003;

Larpsiri *et al.*, 2002; Ongkasuwan and Tantichatanon, 2002). Opportunities from implementing E-Marketing and any form of Web technology could be restricted if there is a lack of customer trust, which in turn will lead to a poor level of E-Marketing adoption.

However, there are many cultural aspects that can have an impact on the adoption of E-Marketing by SBEs. Among these aspects: customers' attitude towards E-Marketing related activities, trust, security, lack of social acceptance for electronic economic activity and customer acceptance and participation in the E-Marketing transaction. For the purpose of conducting this research, the impact of only three cultural aspects on the adoption of E-Marketing by SBEs will be investigated namely: trust, Security and Customer acceptance and involvement. The effect of these cultural aspects can be seen from the following section.

Trust:-

Trust is a major concern in conducting electronic transactions. Trust among all the parties included in the transactions shape the views of stability and continuity in the relationship between all these parties (Ratnasingham, 1998). Moreover, trust – if exists - has a high positive influence in the development of positive customer attitude, intention, and purchase (Swan *et al.*, 1999). On the other hand, if trust is essential in the real world transactions it is much more important and vital in the virtual world. The main reason for that is the fact that all the parties of the transaction are in a virtual place, and therefore cannot depend on things like physical proximity, handshakes and body signals. For that, Urban *et al.* (2000) argues that as consumers become more sophisticated about the Internet, Web site trust is going to become a key differentiator that will determine the success or failure of many companies. Moreover, Tan *et al.* (2007) found that lack of internal trust is one of the inhibiting factors in Business-to-Business adoption by Chinese small and medium size enterprises

Trust has been defined from many angles. Moorman *et al.*, (1993) defined it as: “A willingness to rely on an exchange partner in whom one has confidence” (Moorman *et al.*, 1993, p. 82). Additionally, Morgan and Hunt (1994) define trust as: “The perception of confidence in the exchange partner’s reliability and integrity” Morgan and Hunt (1994, p. 23). Also Mayer (1995) define it as: “The willingness of a party to be vulnerable to the actions of another party based on the expectation that

the other will perform a particular action important to the trustor, irrespective of the agility to monitor or control the other party” Mayer (1995, p:709).

From these definitions it is noticed that trust is mainly about confidence and reliability. On the other hand, while Lee and Turban (2001), Min and Galle (1999), Paul (1996) and Ratnasingham (1998) argue that customers usually do not trust Internet technology for three main reasons namely, security of the system, distrust of service providers, and worries about the reliability of the Internet services; Urban et al. (2000) had classified trust over the Internet into three main stages which are trust in the internet and the specific web site, trust in the information displayed, and trust in delivery fulfilment and service (Urban et al., 2000; P: 40).

Security:-

Anxiety related to security is one common factor related to unwillingness to use Internet and other electronic channels for commerce (Black et al., 2001; Greaves et al., 1999; Jones et al., 2000; Madu and Madu, 2002). Security breaches can lead to several problems such as destruction of operating systems, or disruption of information access (Min and Galle, 1999). According to Gattiker et al., (2000) and Jones et al., (2000) customers who adopt electronic services are more likely to perceive problems related to loss of privacy, as the Internet and other electronic tools seemingly allows other people to access their information easily.

Although the security requirements had been already recognised by the Internet and electronic communities and a number of technologies had been developed to be used to satisfy different security levels and requirements, security concerns still considered as one of the most important challenges for electronic commercial use. Till now many customers still fear higher risk in using the Internet and the World Wide Web for conducting financial transactions (Aladwani, 2001; Black *et al.*, 2001; Gerrard and Cunningham, 2003; Sathye, 1999).

A lot of studies had investigated security as one of the main factors that might have a big impact on the adoption of new technologies (like E-Marketing). Lawson et al (2003), Okazaki (2005), Paul (1996), Leiby and Konkol (1996), Liddy (1996), Aldridge et al (1997), Smith (2004 a, 2004b), Forcht et al (1995) and Forcht (1996) are examples of these researchers. In this respect, Lawson et al (2003) found that

concerns about security and privacy of the transactions are one of the main barriers of E-Commerce adoption by Australian SBEs. Also Okazaki (2005) found that security is one of the factors affecting mobile advertising adoption. However, those researchers had not investigated security as one of the factors for E-Marketing adoption by SBEs. For that undoubtedly, investigating the impact of security on E-Marketing adoption by SBEs will add to the current knowledge in the field of E-Marketing.

Customer acceptance and involvement:-

Customer participation and acceptance in E-Marketing or any other electronic commercial transaction is regarded as one of the ways of increasing customers commitment and can also build and encourage customer's loyalty. According to Chan and Swatman (2000) companies wishing to make successful Internet marketing must involve their customers in the process. Consequently, SBEs have to be more active to respond to the increasing and ever-changing needs of customers, to make special efforts to motivate customers to make the move to an online environment.

6.4.2 Environmental micro (Internal) factors:-

Many researchers and practitioners have considered factors related to the internal environment of the enterprise as a main component of successful new technology adoption, diffusion and implementation (Mirchandani and Motwani, 2001; Al-Qirim 2007; Lertwongsatien and Wongpinunwatana 2003; Seyal and Abd Rahman 2003; Tsao, Lin, and Lin 2004; Stylianou et al 2003; Doolin et al 2003a; Doolin et al 2003b; Kuan and Chau 2001; Mirchandani and Motwani 2001; Grandon and Pearson 2004; Mehrtens et. al. 2001; Iacovou et. al. 1995; Chwelos et. al. 2001; Zhu et al 2003; Doolin et al 2003; Macgregor and Vrazlaic 2004; Al-Qirim 2006; Al-Qirim 2007; Lawson et. al. 2003; Lal 2005; Okazaki, S. 2005; Kula and Tatoglu 2003; Tsao, Lin, and Lin 2004; Warren 2004; Premkumar and Potter 1995; Paul 1996; Damaskopoulos and Evgeniou 2003; Damaskopoulos and Evgeniou 2003; Lal 2005; Yu 2006; Fillis, et al 2004 and Looi 2004). These internal environment factors can include any controllable factor within the enterprise, but for the purpose of conducting this research, only some of these internal factors will be investigated. These factors are entrepreneur skills and support, organisational culture, SBE resource (financial, human and technical), type of the product, international orientation of the SBE, size of

the firm, perceived ease of use perceive relative advantage (usefulness) and perceived compatibility.

On the other hand, because perceived ease of use, perceive relative advantage (usefulness) and perceived compatibility had been fairly covered when discussing TAM and IDT earlier in chapter three, the discussion in following section of the chapter will be concentrated only on other internal factors

6.4.2.1 The skills and support of the entrepreneur (owner):-

A lot of authority within the small business enterprise is directed by the SBE owner. Accordingly, it is more likely that most of the SBE decisions will be taken by the owner himself and in light of his experience and skills. Consequently, it is highly expected that if the entrepreneur suffers from a lack of: technological knowledge, legal knowledge, knowledge of economics, suitable data about the market, available chances for further education and/or training he/she will conduct his business in a traditional way without thinking in adopting any forms of E-Marketing or any other new technologies. In such cases the owner tends to be technology unenthusiastic and the adoption of E-Marketing might be delayed or might even remain as just an idea. This factor is particularly significant in light of the fact that it seems that higher levels of education might lead to a faster understanding and adoption of E-Marketing.

There are a number of studies that had investigated entrepreneur skills as one of the factors that affect the adoption of new technologies. From these studies: Al-Qirim (2006), Al-Qirim (2007), Damaskopoulos and Evgeniou (2003), Lal (2005), Yu (2006), Fillis, et al (2004) and Looi (2004). Al-Qirim (2007) found that the entrepreneur skills as well as top management support are among the factors that affects the adoption of E-Commerce by the SBEs in New Zealand. These findings are also supported with his second study (Al-Qirim, 2006) where he found that the entrepreneur skills (represented by: the entrepreneur innovativeness and E-Commerce involvement) affects the adoption of E-Commerce by the SBEs in New Zealand.

Also Looi (2004) found that the knowledge and skills of the entrepreneur is one of the factors influencing E-Commerce adoption among small and medium size enterprises in Brunei Darussalam. This is also supported with the findings of Yu

(2006) who found that the entrepreneur savviness have an influences on E-Marketplace adoption decisions by Taiwanese small firms. Moreover, Fillis, et al (2004) argues that skills, motivations and attitudes of the entrepreneur are among the factors affecting and impacting E-Business adoption and development in the smaller firm. Similarly, Lal (2005) found that entrepreneur skills are one of the determinants of the adoption of E-Business technologies. He also found that firms managed by informed and qualified entrepreneurs have adopted more advanced E-Business tools than other firms. These findings go in context with the findings of Damaskopoulos and Evgeniou (2003) who fond that availability of entrepreneur skills is an important factor for E-Business adoption by SBEs in four Eastern European countries and Cyprus.

On the other hand, the support of the SBE owner - as the top management within the SBE – will lead to successful E-Marketing adoption. Some studies had shown that new information technology systems will only succeed if there is support from senior management and this remains true in smaller organisations (Daniel and Myers, 2000), where the tendency to adopt electronic commercial activities will be strongly associated with the importance placed on an E-Business strategy within the firm (Stokes, 2000; Magnusson, 2001). On the other hand, there are a number of studies that had found that top management support in SBEs is one of the factors that will affect the adoption of new technologies by these SBEs. From these studies: Mirchandani and Motwani (2001), Al-Qirim (2007), Lertwongsatien and Wongpinunwatana (2003), Seyal and Abd Rahman (2003), Tsao et al (2004) and Stylianou et al (2003).

In this respect, Tsao, Lin, and Lin (2004) found that top management support is one of the critical success factors in the adoption of B2B E-Commerce by Taiwanese companies. This goes in context with the findings of Al-Qirim (2007), Seyal and Abd Rahman (2003) and Lertwongsatien and Wongpinunwatana (2003). Also Seyal and Abd Rahman (2003) found that top management support is one of the factors affecting E-Commerce adoption by SBEs in Brunei Darussalam. Similarly, Lertwongsatien and Wongpinunwatana (2003) found that the support of top management in SBEs is one of the factors influencing E-Commerce adoption decisions.

Based of the previous discussion, it is noticed that there are some studies that had investigated the impact of entrepreneur skills and top management support on the adoption of new technologies like E-Commerce and E-Business. It is also noticed that there is a need to conduct more studies to investigate this impact in an E-Marketing context. Consequently, this research will add to the body of knowledge in the field of E-Marketing by investigating the impact of the SBEs owner skills and top management support on the adoption of E-Marketing by SBEs.

6.4.2.2 The available SBE resource:-

The accessibility and availability of sufficient resources could be one of the very important factors in adopting E-Marketing by SBEs. Such resources include not only financial resources but also include all types of resources such as technological, managerial and human resources. By reviewing the literature in the field, it is noticed that there is a number of studies that had investigated the impact of available resources for SBEs on the adoption of new technologies by these enterprises. From these studies: Kuan and Chau (2001), Mirchandani and Motwani (2001), Mehrtens et al (2001), Iacovou et al (1995), Chwelos et al (2001), Zhu et al (2003), Doolin et al (2003), Macgregor and Vrazlaic (2004), Lawson et al (2003), Kula and Tatoglu (2003), Tsao et al (2004), Damaskopoulos and Evgeniou (2003), Premkumar and Potter (1995), Paul (1996) Dembla, Palvia and Krishnan (2007) and Warren (2004).

Human Resources

This research argues that human resources of any SBEs is one of the most important and vital factors in adopting E-Marketing. SBEs human resources here do not stand only for the entrepreneur (owner) but also for the workforce with in the SBEs. Although, Pleitner (1989) stated that “*Many small-business entrepreneurs are successful even without explicitly practising the kind of management usually described as strategic*” (Pleitner, 1989; P: 72). He also stated that “*by the time a firm has grown too big for one person to manage; management by instinct alone will no longer be enough*” (Pleitner, 1989; P: 72).

Accordingly for a small business to attain success, the SBE will need not only a skilled owner and employees but also a high level of integration, coordination and

establishing a common philosophy within the enterprise. This is consistent with Chaston (2001) who believes that the key to success is to develop E-Marketing strategy beyond the basic website interface as a brochure on-line, to a much more integrated philosophy throughout the organisation. On the other hand, Pfeffer (1994) stated that traditional sources of competitive advantage, such as proprietary technology and access to capital, are less important to a firm's long-term success than its human resources. Moreover, Ritchie and Brindley (2005) found that successful ICT adoption imposes demands on employees. For that at the personal level, individuals may need to acquire new skills, knowledge and understanding, to the extent that new cultural and behavioural norms may have to be fostered and embedded within the enterprise.

Based on the previous discussion undoubtedly human resources of any SBE is a vital factor of adopting E-Marketing. With the availability of such qualified, well trained and skilled workforce the entrepreneur - in most cases - will find it smooth to adopt E-Marketing as a new way of conducting marketing activities. For that, one of the key aspects that SBEs must consider is the need to develop its workforce skills and competencies (McCole et al., 2001).

There are a number of studies that illustrated the importance of human resources in the adoption of electronic commercial transactions. In this respect: Warren (2004) found that human capital is one of the drivers affecting the adoption of Internet in UK agricultural businesses. Moreover, Damaskopoulos and Evgeniou (2003) found that the availability of human skills is very vital for E-Business adoption in SME's firms in Eastern Europe. Furthermore, Lawson et al (2003) found that lack of IT expertise of staff is one of the main barriers of E-Commerce adoption by Australian small firms.

Financial Resources:-

The decision of adopting E-Marketing depends in most cases on the availability of financial resources. These financial resources are needed to implement E-Marketing plane through: developing E-Marketing tools (e.g. designing and launching of a web site, launching an Intranet or Extranet, designing and conducting a

mobile marketing campaign, ...), providing the training for the SBE employees, providing the hardware and software needed, maintenance of the system, etc.

Since E-Marketing increases the potential market size for the SBE, the enterprise must be prepared to deal with customers anywhere on the globe. On one hand, that will increase both sales and profit, but on the other hand it will require sufficient and adequate financial resources to establish:-

- A 24/7 customer service response capability,
- Regulatory and custom-handling experience to ship internationally, and
- In-depth understanding of foreign marketing environments (Quelch and Klien, 1996; P: 69).

Without these financial resources the SBE will be out of the game and will lose its competitive advantage.

Undoubtedly, large firms still enjoy a substantial competitive advantage because of: its larger resources, visibility among customers, its ability to hire the best talented E-marketers and its ability to buy the latest technologies. However, it is still very vital for SBEs to participate; otherwise it might lose its market.

There are a number of studies that illustrated the importance of financial resources in the adoption of electronic commercial transactions. In this respect: Kula and Tatoglu (2003) found that the amount of resources allocated for export development is one of the factors affecting Internet adoption by SME's in emerging market economy. Moreover, Dembla, Palvia and Krishnan (2007) found that the IS budget is one of the factors affecting the adoption of web-enabled transaction processing by SBEs. Furthermore, Scupola (2003) found that availability of resources have an influence on the adoption of Internet commerce by SME's in the south of Italy

Technical Resources:-

The availability of technology infrastructure and other technical resources within the SBEs are the driving factor behind E-Marketing adoption. Most researchers and scholars consider the availability of a sufficient IT infrastructure as a fundamental factor in the success of any E-Marketing efforts (Naude and Holland, 1996; Samiee,

1998). On the other hand, the hardware of this technology infrastructure is not the only element that can affect on the decision of E-Marketing adoption by the SBE, computer literacy of E-Marketing tools by the entrepreneur and his employees is the first, central and important element of this adoption. However, the choice of compatible technology (hardware and software) that is capable of delivering appropriate information to the customers of the SBE at the right time is highly important, but the system will only work if all personnel are well trained and motivated.

There are a number of studies that illustrated the importance of technical resources in the adoption of electronic commercial transactions. In this respect: Damaskopoulos and Evgeniou (2003) found that the technological readiness of SME firms is one of the factors affecting the adoption of new economy practices by SME's in Eastern Europe. Moreover, Doolin et al (2003a) found that logistical infrastructure and in-house technical expertise have a sufficient impact on establishing Internet strategies.

6.4.2.3 Organisational Culture:-

Although a good deal of studies about organisational culture had been undertaken for large and big enterprises, this cannot be assumed to be valid for SBEs. There is not only a limited number of studies that had been conducted to investigate organisational culture in SBEs but also there is a very limited number of studies that had researched the impact of organisational culture on the adoption of E-Marketing or electronic commercial transactions. Consequently, there is a need to conduct more research about organisational culture from a SBE context in general and within the context of E-Marketing in particular, since (as described by Curran and Blackburn, 2001); a small business is not merely a scaled-down version of a large business.

On the other hand, organisational culture (like most of management terms) does not have one unique or commonly used definition. While O'Reilly and Chatman (1996) define it as: "*a system of shared values defining what is important, and norms, defining appropriate attitudes and behaviours, that guide members' attitudes and behaviours*" (O'Reilly and Chatman, 1996; p 160), Schein (1993) define it as: "*A pattern of shared basic assumptions that the group learned as it solved its problems*

of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 1993; p 373-374).

However, regardless of the definition, organisational culture is highly related to meanings when beliefs are shared amongst the employees. Moreover, organisational culture can be either supportive or unsupportive of organisational adoption of E-Marketing. The main logic behind that is based on the fact that resistance or acceptance of E-Marketing practices and technological change is mainly based on the organisational culture within the enterprise. Furthermore, it also has the potential to influence employees’ ability or willingness to adapt or perform well (Weick and Quinn 1999). Consequently, creating and establishing an organisational culture that supports the implementation of E-Marketing is an important element that has to be considered by the entrepreneur when implementing E-Marketing applications.

The logic behind that is based on the fact that organisational culture can function as either an internal facilitator or a barrier for the implementation of E-Marketing because it determines the extent to which the organisation is able to adapt to change. If the existing organisational culture contains beliefs, attitudes, norms and values that are no longer appropriate or useful in adopting and implementing E-Marketing, it is unlikely to succeed in either of them. Therefore, it is important for the entrepreneur to shape, communicate and share his vision with his employees to have a successful E-Marketing implementation within his enterprise. As a result, the enterprise will have a supportive organisational culture that is open to E-Marketing and will be more likely to accept its implementation. This goes in line with the findings of Schillewaert, Rapp and Rapp (2007).

From an E-Marketing perspective and based on the knowledge gained from the literature review, no study investigated the impact of organisational culture on the adoption of E-Marketing in SBEs, it is also noticed that there is a very limited number of studies that had investigated the impact of organisational culture on the adoption of electronic commercial transactions. From these studies, Tsao et al (2004) who found that Staff resistance is one of the actors that have an impact on the adoption of B2B E-Commerce by Taiwanese companies. On the other hand, according to Fillis, et al

(2004) the owner/manager motivations and attitudes towards E-Business adoption is one of the main factor impacting on E-Business adoption and development in smaller firms. Based on that, undoubtedly there is a great need to investigate the impact of organisational culture on the adoption of E-Marketing by SBEs.

6.4.2.4 Type of products:-

The type of products produced by the SBEs and the characteristics of these products could be one of the factors that affect the adoption of E-Marketing. For example, in a highly tourism country like Egypt it could be hypothesised that an Egyptian handicraft small enterprise might find E-Marketing strategy more suitable and exciting than an agriculture SBE (in the same country) and might adopt E-Marketing faster. In the first example, the uniqueness of the products created by the SBE will lead to effortless E-Marketing activities. Due to the unique characteristics and historical nature of such handicrafts, its small size, its small weight and its variety and unfamiliarity it will be an ideal product to be marketed through E-Marketing (especially in an international or global scale). In contrast, in the second example and due to the characteristics associated with the products created by the SBE it will not get the same level of success with its E-Marketing activities.

On the other hand, in some industries the nature of the product (i.e. services) and the configuration of customer groups and suppliers will make selling online a more natural solution than in other industries. Therefore, in some cases small service business enterprises will adopt E-Marketing faster than other kinds of SBEs. In this respect, Preissl (2003) offers a typology based on four specific criteria relative to information intensity and its role in services that will affect the tendency to adopt Internet based technologies (e.g. E-Marketing) for business purposes. These criteria are:-

- Services that barely use Information Technologies (e.g. hairdresser, beautician).
- Services that use Information Technologies in managerial and administrative support activities (e.g. restaurants, repair services).
- Services that use Information Technologies to support its main business functions (e.g. consultancy and/or financial services).

- Services that deal with Information Technologies as its main business activity (e.g. IT and/or software consultancy) (Preissl, 2003; P: 6)

According to Preissl (2003) services that fall within the first category maybe a low or non-adopters of Internet based technologies (IBT's) because of the high tangibility of the service offered to the customers. While the second category of services may have low or medium levels of adoption and this adoption will be for internal efficiencies in most cases. Categories three and four are highly intangible in nature and will, therefore, have a greater tendency to adopt IBTs to support core business functions.

For that it is suggested that enterprises that produce intangible or information intensive products are far more likely to adopt IBTs (i.e. E-Marketing) for business purposes (Miles et al., 1994; Peterson et al., 1997; Porter, 2001; Preissl, 2003; Doolin et al, 2003a and Doolin et al, 2003b). That is also consistent with Poon and Swatman (1997) point of view, they highlighted the possibilities of differences in degree of usage of the Internet for commercial activities depending on particular industry and product factors; for that, it would be expected that firms connected to the information technology industry would have a higher degree of usage of this technology than those other firm not connected to this industry. Furthermore according to Doolin et al, (2003a and 2003b), product characteristics have an adequate impact on the Internet strategies in New Zealand.

6.4.2.5 International orientation of the SBE:-

Globalisation is considered now as a massive forceful process that is unlikely to be stopped or reversed. At the moment, any producer is not competing only with his national or local producers but he/she is also competing with all the producers producing the same product all over the world. Therefore, SBEs as part of the global economy have to cope with globalisation and its effects on business activities. Within this context, E-Marketing can be the correct (and some times the only) tool for SBEs to be involved in the globalisation process. The ability of E-Marketing tools to make sales to a large number of customers regardless of their physical location and on a 24/7 bases provide the opportunity for SBEs to compete in a global free market.

However in practice, the adoption of E-Marketing as a tool of competing globally depends on many factors, among these factors the existence of an international orientation for the SBE as well as the type of industry that the firm operates on. The adoption of E-Marketing tools for conducting business may be a reflection of the SBE international market orientation and the need to compete on (and in) the same grounds as their bigger counterparts in a global free trade market. This goes in line with the findings of: Doolin et al (2003a), Doolin et al (2003b), Kula and Tatoglu (2003) and Lal (2005).

This research argues that more international oriented SBEs are likely to show greater responsiveness to E-Marketing to satisfy the changing needs of its customers and to face the effects of competitor actions. Drew (2003) argues that small and medium sized enterprises are increasingly placing E-Business at the centre of their strategies. He also argue that the main dynamic force behind the adoption of E-Business is the huge opportunities for growth and the need to keep up with competition. Accordingly, international orientation might have an effect on whether or not a small business adopts E-Marketing, any other Internet related technology or create a web existence to conduct E-Marketing activities.

This goes in line with the conclusions and findings of a number of researchers within the field. In this respect, Kula and Tatoglu (2003) found that international orientation and experience of the SME is one of the factors the leads to faster adoption for the Internet. The findings of Lal (2005) support these findings from an E-Business perspective, according Lal (2005) international orientation of the enterprise will lead to a faster adoption of E-Business technologies. Furthermore, Doolin et al (2003a and 2003b) found that international orientation and overseas trends have an impact on the adoption of Internet strategies in New Zealand.

However, the implementation of E-Marketing in a global way requires a lot of effort as well as taking into consideration a lot of factors. Understanding the foreign marketing environment, resources required to work globally, neutralised multi-language web site to successfully reach target customers, cultural barriers, legal barriers and the availability of delivery channel are examples of these factors. On the other hand, there are also many obstacles associated with developing global presence

(Chaffey et al., 2000; Eid, 2003; Duggan and Deveney, 2000; Hamill and Gregory, 1997; Gogan, 1997 and Chan and Swatman, 2000).

Based on the previous discussion, it is understandable that there is a need to investigate the impact of international orientation of the SBE on its adoption for E-Marketing. Undoubtedly such an investigation will lead to a greater understanding of the factors affecting the adoption of E-Marketing by SBEs and will add to the accumulative knowledge in the field of E-Marketing.

6.4.2.6 Size of the SBE:-

Firm size is considered as one of the factors that are used to explain the adoption of new technology behaviour. While, a number studies within the field had argued that organisation size has been a poor indicator for the adoption of new technologies (Brynjolfsson et al., 1994; Grover and Teng, 1992). There are also a number of studies that proved that the enterprise size is one of the factors that lead to the adoption of new technologies. The studies of: Al-Qirim (2007), Lal (2005) and Lertwongsatien and Wongpinunwatana (2003) are examples of these studies.

In this respect, Al-Qirim (2007) found that enterprise size is one of the factors that lead to the adoption of E-Commerce in SBEs in New Zealand. Lal (2005) found similar results in an E-Business context. According to Lal (2005) enterprise size is one of the determinants of the adoption of E-Business technologies. Similarly Lertwongsatien and Wongpinunwatana (2003) found that enterprise size have a significant impact on E-Commerce adoption by small and medium enterprises in Thailand. On the other hand, it is also argued that larger firms have a higher propensity to adopt new technologies due to its ability to face risks related to technological development and its ability to access capital markets (Heres and Mante-Meijer, 2001; Weigelt, 2001). On contrast, SBEs have less human, financial and technological resources and this may reduce its capacity to adopt new technologies. In line of that, examination of SBEs adoption patterns confirms that the smaller the enterprise the less likely they are to adopt new technologies (Durkan et al., 2003).

Although, it is not assume that the factors that increase adoption among large enterprises are the same factors that decrease adoption levels of new technologies among SBEs. This research argues that it is still necessary to investigate the effect of

the enterprise size on its adoption for E-Marketing. In this respect, the research assumes that within the category of SBEs, larger SBEs will have a higher tendency to adopt E-Marketing while other SBEs will have less capacity to adopt E-Marketing.

6.5 Chapter summary:-

This chapter demonstrated the second stage of the exploratory study related to this research. Based on the findings of the first exploratory study discussed in chapter five and the research methodology demonstrated in chapter four, the second stage of the exploratory research was devoted to explore the current aspects related to E-Marketing adoption and implementation by UK SBEs. The main aim of conducting such exploratory study is to achieve a deep and reflective understanding of the phenomenon under investigation within this research through identifying the key factors that might influence the adoption of E-Marketing by small businesses and finding studies in these contexts to guide the researcher in research design.

Within the chapter it was proven that this process is important since one of the main aims of the chapter was to identify the factors that might influence the adoption of E-Marketing by SBEs in order to find the leverage points that could be used and result in greater use of E-Marketing as a tool for achieving improved marketing performance and to illustrate how this research fits alongside previous studies in this field.

To this end, the chapter has not only examined and discussed the current circumstances related to SBEs in the UK to provide a brief background about it, but also constructed a profile of the UK SBEs. This profile helps to illustrate the stages of development in terms of E-Marketing and provide a clear understanding of the phenomenon under investigation. Within the chapter the details related to the exploratory focus group, primary survey and case studies were discussed in detail.

The results gained from the analysis of the data generated from the focus group, the primary survey and the interviews showed that not all the factors generated from the literature review have a significant impact on the adoption of E-Marketing by SBEs. Moreover, it was found that TAM and IDT models need to be extended by adding some more factors to the models to increase its ability to investigate the

adoption of E-Marketing by the UK SBEs. These factors include: competitive pressures, government influences, market trends, cultural orientation towards E-Marketing, entrepreneur skills and support, organisational culture, SBE resources (financial, human and technical), type of the product, international orientation of the SBE and the SBE size. These factors were classified into two main groups (external and internal environmental factors) according to its impact and this classification was illustrated and justified within the chapter. Both the external and internal environmental factors are illustrated in figure 6-5.

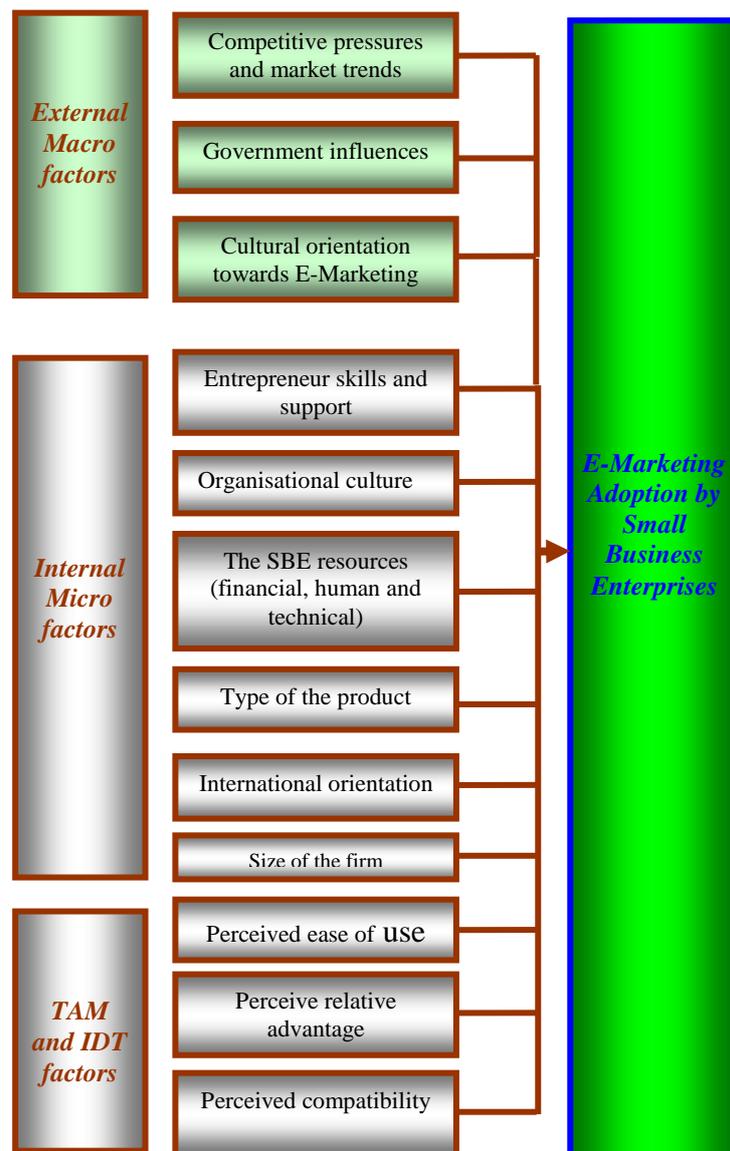


Figure 6-5: External and internal environmental factors affecting the adoption of E-Marketing

Afterwards, the most important factors to be found to affect the adoption of E-Marketing by UK SBEs were discussed in detail with relevant to the literature as a

first step towards using these factors to construct the research framework. Thereafter and based on the findings of this second exploratory investigation, the research framework will be constructed and the research hypotheses will be developed in chapter seven.