

## *Chapter 7*

# *The Research Framework*

## *A revised framework based on the findings of the exploratory studies*

### **7.1 Introduction:-**

This chapter builds on the outcomes and findings of previous chapters and aims to outline the research framework for this research. It begins by illustrating the research questions and providing an explanation of their origin as well as the need for a framework for E-Marketing in a small businesses context. The research variables, the research framework and the research hypotheses are then built into the survey questionnaire that is discussed in detail in chapter 4. The discussion is summarised at the end of this chapter.

### **7.2 The research questions:-**

From the literature examination, it is clear that there is a need to understand the relationship between E-Marketing adoption by SBEs and their marketing performance. This research argues that implementing E-Marketing and having Internet presence is not a luxury any more. It has become a matter of survival for companies regardless of its size. This is in line with the findings of Kotabe and Helsen (2000), who argue that companies that do not develop a web site presence risk losing customers who will browse their competitors' sites for information. However, having Internet presence does not guarantee success since any potential advantage can only be gained by strategic planning and skills (Samiee, 1998). In other words, absence from the Internet and E-Marketing practices may lead to competitive disadvantage, but such practices does not automatically provide or guaranty a competitive advantage and companies need to depend on more electronic marketing tools (e.g.: Mobile Marketing, Extranet Marketing, E-Mail Marketing ...etc) rather than the Internet to guaranty its competitive advantage.

Accordingly, the critical questions that concern most companies today, regardless of its size, are how to acquire a skilful use of the Internet and other electronic tools? And: what should be done to find leverage points in the company strategy to combine virtual and physical marketing activities? (Avlonitis and Karayanni, 2000; Chan and Swatman, 2000; Gurau et al, 2001; Perry and Bodkin, 2002; and Porter, 2001). Consequently, there is a need to conduct further research in this field particularly in an SBE context. Even though, there have been some attempts to identify the nature and use of E-Marketing by some researchers like: Taylor and England 2006; Krishnamurthy and Singh 2005; Ngai 2003; Sheth and Sharma 2005; Teo and Tan 2002; Fillis et al 2004 ; Goldsmith and Lafferty 2002; De Kervenoael et al., 2006; Hackney et al., 2006; Adam, S., et al., 2002; Franzak et al., 2001; Sharma and Gupta 2002; Jutla, et al., 2002; Darby, Jones and Al Madani 2003; Christodoulides and De Chernatony 2004 ; Lovelock 2001; Luck and Lancaster 2003; Singh and Hill 2003; Liebermann and Stashevsky 2002; Kim and Kim 2004; and Lee-Kelley et al., 2004, only few of them can provide a strong theoretical or statistical support for there studies. This research argues that this was due to the exploratory nature of such studies or because of its narrow focus in one precise industry that may not be applicable for other industries. As such they deal more with the potential rather than the reality of E-Marketing impact. Hence, there is a need for a full scale research that is statistically significant.

As discussed earlier in chapter one (section 1.3), the study aims to carryout a full scale research that is statistically significant. To do so, an attempt is made to address and answer the following three main questions using a combination of quantitative and qualitative methodologies to asses; the adoption of E-Marketing, the implementation of E-Marketing and the impact of this adoption on the marketing performance of small business enterprises.

***Q 1:*** what are the different factors affecting the adoption of E-Marketing by small business enterprises?

***Q 2:*** what are the different forms, levels and tools used by SBEs to implement E-Marketing?

*Q 3:* What is the relationship between E-Marketing adoption and marketing performance of small business enterprises?

To answer the first question, the literatures related to E-Marketing, small businesses, information technology (IT) and the main technology adoption theories were reviewed. The main aim of the review of these various articles, empirical research, and secondary case studies was to identify the factors and variables that may influence the adoption of E-Marketing by small business enterprises. The research examines the relationships between these independent factors and the adoption of E-marketing as a dependent variable. The hypotheses related to that will be tested using the suitable statistical techniques (e.g. structural equation modelling and multiple regression analysis) for the research survey data to discover if there are any significant relationships between these factors and the adoption of E-Marketing by SBEs.

On the other hand, to answer the second question, various articles, empirical research, and secondary case studies on E-Marketing, Internet Marketing, E-Mail marketing, Mobile Marketing, E-Commerce and E-Business were studied. The findings of these studies identified many tools, forms and levels of E-Marketing implementation. These factors were classified into three groups namely: E-Marketing tools, E-Marketing implementation levels and E-Marketing forms. Following a major survey of UK small business enterprises, the suitable statistical techniques will be used to test the hypotheses related to E-Marketing implementation.

Finally, to answer the third and last question following the major survey of UK SBEs the impact of E-Marketing adoption on marketing performance of these enterprises will be measured. Since the research hypotheses investigate the relationship between E-Marketing adoption and SBEs marketing performance, the research hypotheses will be tested to identify any significant association between these two variables.

### ***7.3 The need for a framework of E-Marketing in SBEs:-***

As discussed earlier in chapter two from the literature review, a significant number of researches in E-Marketing had been either descriptive or theoretical, and there is some lack of solid research models to guide future research in the area of E-Marketing generally and in the area of E-Marketing in SBEs in particular. Even though, there have been some attempts to identify the nature and use of E-Marketing by some researchers like: Taylor and England 2006; Krishnamurthy and Singh 2005; Ngai 2003; Sheth and Sharma 2005; Teo and Tan 2002; Fillis et al 2004 ; Goldsmith and Lafferty 2002; De Kervenoael et al., 2006; Hackney et al., 2006; Adam et al., 2002; Franzak et al., 2001; Sharm and Gupta 2002; Jutla, et al., 2002; Darby, Jones and Al Madani 2003; Christodoulides and Chernatony 2004 ; Lovelock 2001; Luck and Lancaster 2003; Singh and Hill 2003; Liebermann and Stashevsky 2002; Kim and Kim 2004; and Lee-Kelley et al., 2004, only few of them can provide a strong theoretical or statistical support for there studies. Therefore, there is a great need for full scale research that is statistically significant as well as develops a theoretical model to understand and interpret the use of E-Marketing by small business enterprises.

Moreover, this model is needed to illustrate the impact of E-Marketing adoption in both developed and developing countries. This research argues that unquestionably implementing E-Marketing by SBEs in the developed countries will increase the efficiency and effectiveness of the economy. On the other hand this implementation will be a matter of death or life in the developing countries. Because exploring and analysing the factors that can have an impact on the adoption of E-Marketing in SBEs as well as measuring the effect of this adoption on the marketing performance of SBEs in these countries could have a great impact on the economic performance in it since SBEs represent a very high percentage of the total number of enterprises not only in these countries but also in developed countries. For example, according to the Egyptian Ministry of Finance (2009) small and micro business enterprises represent 99.1% of the total number of enterprises.

#### **7.4 Research Variables:-**

To answer the research questions, the research was designed based on a theoretical framework illustrated in figure 7-3. This framework has been developed not only to meet the main research objectives and aims but also it had included a list of factors that might have an impact on E-Marketing adoption and marketing performance of UK SBEs, these factors and variables are taken from to literature and some of it (the adoption factors) had been discussed earlier in chapter six and the rest of it will be discussed in the following parts of this chapter.

### *7.4.1 SBE Marketing Performance:-*

Based on the fact that a company survival depends on its ability to generate value, and since value is defined by customers (Day, 1990), marketing makes a fundamental contribution to the long term business success. Therefore evaluating marketing performance is one of the key tasks for the management of any enterprise regardless of its size. Moreover, if the courses of action related to evaluating marketing performance are important for big companies that have sufficient resources, it will be a matter of death or life for SBEs because of the lack of these resources. Hence, this research focuses on marketing performance issues such as: new sales, new customers, increased profits, developing new products, good customer relationships, reduction of sales costs, faster discovery and adaptability of customer needs, greater customisation of products, providing better service quality, new markets, fast communication with customers, increased customer satisfaction and market share. This is in line with the findings and argues of Arnott and Bridgewater, 2002; Avlonitis and Karayanni, 2000; Mang and stauss, 1999 and Poon and Swatman, 1998.

However, although measuring performance has been a central issue in marketing and remains a vital concern for a large majority of organisations (Morgan, Clark & Gooner 2002), there is no unique definition for performance. When considering performance definitions it is noticed that most researchers focus on the end results of certain functions or processes. For example, Wheelen and Hunger (2002) defined performance as: “... *The end result of activity*” (Wheelen and Hunger, 2002; P: 243).

Based on the importance of measuring the performance of small businesses and the previous discussion and by taking into consideration that the study aims to determine the relationship between adopting E-Marketing by SBE (as the main independent research variable) and marketing performance of the SBE, where marketing performance is the major dependant research variable. This is built on the hypothesis that implementing good E-Marketing practices will increase the level of marketing performance within the SBE, in line with Anderson and Choobinen (1996) who illustrates that the Internet (which is one of the major and most important E-Marketing tools) is characterised as a tool for facilitating sales force efforts and higher levels of marketing performance and efficiency. On the other hand, Arnott and Bridgewater (2002) argue that the Internet creates the potential to interact with customers on a global scale and target them on a one-to-one base, in this way companies can build brand loyal relationships that may, in turn, increase the marketing performance.

Moreover, E-Marketing adoption by SBEs can increase marketing performance through cost reduction resulting from the use of technology and E-Marketing tools (e.g., the Internet, E-mail, Mobile phones ...etc) to carryout traditional marketing activities. This cost diminution can be in the form of reduction in the cost of sales, customer service costs, time of routine service jobs, sales people travel time, overhead cost and number of marketing employees employed (Avlonitis and Karayanni, 2000; Borders et al., 2001; Chan and Swatman, 2000; Furnell and Karweni, 1999; Honeycutt et al., 1998; Lancioni et al., 2000; Lord, 2001; Lynn et al., 2002; Osterle et al., 2001).

An analysis of marketing performance measures follow in order to select suitable measures for this research.

#### **7.4.1.1 Marketing Performance Measures:-**

Despite of the importance of measuring marketing and business performance there is little research on the measures used to evaluate marketing performance and effectiveness. Within this context, Ambler and Kokkinaki (1997) based on an investigation for more than one thousand and three hundred issues of seven marketing journals and found that only 11.5 per cent of the articles investigated studied the

evaluation of marketing results. For that the Marketing Science Institute considered this question as one of its research priorities since 2000 (Eusebio, et. al.2006). Reasons for the lack of research on marketing metrics include:-

- The complication of straightening out short term from long term effects on performance (Dekimpe and Hanssens, 1995),
- The problems associated with the process of measuring brand equity (Marketing Leadership Council, 2001; Eusebio, et. al.2006),
- The extreme significance business management places to financial measures (Eccles, 1991; Kokkinaki and Ambler, 1999).

Furthermore, when looking to the marketing performance and success measures it is noticed that there are many measures. In this respect, Clark (1999) identifies 16 measures, Ambler and Riley (2000) tested a total of 38 measures, Davidson (1999) considers ten important measures of marketing effectiveness and, Meyer (1998) notes many other measures (Eusebio, et al., 2006).

From a historic point of view, the preliminary interest in the conceptualisation and development of marketing performance measurement was prominent in the 1960's (e.g., Sevin 1965; Feder 1965). Since then, various empirical and conceptual studies have examined the concept. Clark (1999) illustrated based on a review of this history that marketing performance measures have moved in three consistent directions over the years: first from financial to non-financial output measures; second, from output to input measures; and third, from unidimensional to multidimensional measures. Table 7-1 illustrates the evolution of these measures according to Clark (1999) point of view. Moreover, Clark (1999) suggested that we should make a better use of the existing measures rather than formulating new ones (Eusebio, et al., 2006).

**Table 7-1:** The evolution of marketing performance measures

<i>Stage</i>	<i>Measures</i>	<i>Bibliography</i>
<i>Single Financial Output Measures</i>	Profit	Goodman (1970, 1972), Sevin (1965)
	Sales Revenue	Feder (1965)
	Cash Flow	Buzzell and Chussil (1985), Day and Fahey (1988)
	Market Share	Buzzell and Gale (1987), Szymanski, Bharadwaj, and

<b>Non-financial Measures</b>		Varadarajan (1993)
	Quality of Services	Bucklin (1978)
	Adaptability	Bhargava, Dubelaar, and Ramaswami (1994), Walker and Ruekert (1987)
	Customer Satisfaction	Anderson and Sullivan (1993), Anderson, Fornell, and Rust (1997), Danaher and Matson (1994), Fornell (1992), Fornell, Johnson, Anderson, Cha, and Bryant (1996), Halstead, Harbman, and Schmidt (1994), Hauser, Simester, and Wernerfelt (1994), Oliva, Oliver, and MacMillan (1992), Peterson and Wilson (1992), Piercy and Morgan (1995), Seines (1993), Spreng, MacKenzie, and Olshavsky (1996), Teas (1993), Teas and PalanI (1997), Voss, Parasuraman, and Grewal (1998)
	Customer Loyalty	Anderson and Sullivan (1993), Dick and Basu (1994), Fornell, Johnson, Anderson, Cha, and Bryant (1996), Jones and Sasser (1995), Oliva, Oliver, and MacMillan (1992), Reichheld (1994), Seines (1993)
	Brand Equity	Aaker and Jacobson (1994), Ambler and Barwise (1998), Barwise (1993), Keller (1993, 1998), Haigh (1998), Lassar, Mittal, and Shanna (1995), Seines (1993), Simon and Sullivan (1993).
<b>Input Measures</b>	Marketing Assets	Piercy (1986), Srivastava, Shervani, and Fahey (1998)
	Marketing Audit	Brownlie (1993, 1996), Kotler, Gregor, and Rodgers (1977), Rothe, Harvey, and Jackson (1997)
	Marketing Implementation	Bonoma (1985, 1986), Bonoma and Crittenden (1988)
	Market Orientation	Day and Nedungadi (1994), Deshpande and Farley (1998a, 1998b), Han, Kim, and Srivastava (1998), Kohli and Jaworski (1990), Kohli, Jaworski, and Kumar (1993), Jaworski and Kohli (1996), Narver and Slater (1990, 1998), Slater and Narver (1994), Wrenn (1997)
<b>Multiple Measures</b>	Efficiency	Bonoma and Clark (1988), Dunn, Norbum, and Birley (1994), Kotler (1977)
	Effectiveness	Sheth and Sisodia (1995), Walker and Ruekert (1987)
	Multivariate analysis	Bhargava, Dubelaar, and Ramaswami (1994), Spriggs (1994)

Source: Clark (1999)

On the other hand, Pont and Shaw (2003) illustrated through a critique empirical literature covered the period from 1991 to 1995 that researchers and scholars had



depended on 25 different performance measures to evaluate marketing performance. Table 7-2 illustrate these measures.

**Table 7-2:** Classification and Frequency of Appearance of Marketing Performance Measures in Pont and Shaw (2003) study

<i>Performance Measure</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Financial / Non-financial</i>
Sales (and Growth)	25	16.8	Financial
Return on investment	21	14.1	Financial
Market share	16	10.7	Financial
Return on assets / Profitability	12	8.0	Financial
Service quality	12	8.0	Non-financial
Satisfaction (customer and company)	10	6.7	Non-financial
New product success rate	7	4.7	Non-financial
Overall performance	7	4.7	Non-financial
Customer retention / loyalty	7	4.7	Non-financial
Overall performance relative to competitors	7	4.7	Non-financial
Return on equity	6	4.0	Non-financial
Satisfaction with overall performance	3	2.0	Non-financial
Return on sales	2	1.3	Financial
Brand awareness	2	1.3	Non-Financial
Gross operating profit	2	1.3	Financial
Dollar share of the served market	1	0.7	Financial
Occupancy rate	1	0.7	Non-financial
Customer complaints	1	0.7	Non-financial
Expectations achieved by organisation	1	0.7	Non-financial
Number of visitor to website	1	0.7	Non-financial
Room occupancy rate	1	0.7	Non-financial
Attracting new customers	1	0.7	Non-financial
Return on capital	1	0.7	Financial
Volunteers numbers increased / decreased	1	0.7	Non-financial
Employee turnover	1	0.7	Non-financial
<b>Total</b>	<b>149</b>	<b>100 %</b>	<b>149</b>

**Source:** Pont and Shaw (2003)

As a result of the importance of measuring performance, there were some attempts to organise these measures, among these attempts the one conducted by Kokkinaki and Ambler (1999). They summarised performance measures and established six categories for marketing performance and success measures which are:-

- Financial measures (e.g. turnover, contribution margin and profit).
- Competitive market measures (e.g. market share, advertising and promotional share).

- Consumer behaviour measures (e.g. consumer penetration, loyalty and customer gained).
- Consumer intermediate measures (e.g. brand recognition, satisfaction and purchase intention).
- Direct customer measures (e.g. profitability of intermediaries, distribution level, and service quality).
- Innovativeness measures (e.g. products launched and their revenue) (Kokkinaki and Ambler, 1999)

Regardless of availability of all these categories of marketing performance measures, financial measures (metrics) are usually the first type of measures to be employed by researchers to evaluate marketing performance (Ambler, 2000; Clark, 1999; Eccles, 1991; Day and Farley, 1988; Feder, 1965; and Sevin, 1965). Furthermore, financial metrics can be alternatively seen as accounting metrics but they are mostly expressed in monetary terms whereas the other metrics are not.

This research argues that it is necessary to pay special attention to the consumer metrics, which is, regularly measuring the customer satisfaction level, consumer loyalty, new customer gained, customer retained or customer lost. For that managers have to give these consumer metrics priority in measuring marketing performance.

#### **7.4.1.2 E-Marketing Performance Measures:-**

Electronic Marketing performance can be evaluated not only depending on the basis of sales, but also by some other criteria's. Within this context, Bondra and Davis (1996) demonstrated that the measures of Information Technology performance (e.g. the Internet and other E-Marketing tools) should be closely linked to the objectives that would be achieved through the applications by the sales and marketing management. Based on the literature it was found that profits, market share, return on assets, sales, return on investments, service to customers and customer satisfaction had all been used either separately or in combinations in the assessment of marketing performance (Anderson and Narus, 1990; Cronin and Baker, 1994; Frazier, 1983). However, E-Marketing tools (e.g. the Internet, Mobile, extranet, etc) are very dynamic and can be

used both as a direct sales channel and as an interactive communication tool. Consequently, these tools may affect marketing and sales performance in two ways: -

- Directly, through achieving direct sales; and
- Indirectly, through supporting the enterprise relationships with its customers which will provide not only higher levels of customer's satisfaction but also will build brand loyal relationships.

Moreover, if the procedure of measuring usual (traditional) marketing performance is difficult, the procedures of measuring the performance and success of E-Marketing will be more problematic and will require a fresh perspective. That is because the E-marketplace is open, informal, interactive and it shares with its environments the problem of converting visitors into customers or prospects customers. On the other hand, the E-marketplace is a totally virtual world; this virtually might affect the evaluation of marketing performance. For that, having usable and effective E-Marketing performance measures are not only needed but also essential. The arguments of the majority of the researchers have focused on the following measures (alongside with the traditional marketing performance measures):-

- Traffic.
- Visit duration.
- Number of visits
- Conversion rate (visit to purchase).
- Catalogue size.
- Sales value.
- Number of transactions.
- Number of users (the number of registered user).

Most of the arguments were associated with the measures associated with visit duration, web site traffic and the number of visits afterwards comes the measures associated sale value and number of transactions (Rowley, 2001). The fact that: traffic, number of visits and visits duration are the most commonly used measures to evaluate E-Marketing performance can be justified logically if we tack into consideration that these

measures are highly related to Internet marketing which is not only the main component of E-Marketing but also the most commonly used tool of it. On the other hand, conversion rate is increasingly recognised as one of the effective measures of E-Marketing performance (eMA, 2008a). With regards to: sales value, number of transactions and number of users, they are used mostly to evaluate the marketing performance related to Mobile marketing, E-mail marketing, Extranet marketing and Intranet marketing as well as Internet marketing.

In conducting this research, the marketing performance of the SBEs will not be measured directly. Although the research will measure the impact of E-Marketing adoption on the current and future marketing performance of the small businesses, the research will investigate the measures used by the small business enterprise to measure and evaluate its marketing activities. The impact of E-Marketing adoption on the SBEs marketing performance will be done through the use of the measurement tool developed by the researcher which is based on a Likert scale and will consider issues that relate to marketing productivity of the SBEs such as: new sales, new customers, increased profits, developing new products, good customer relationships, reduction of sales costs, faster discovery and adaptability of customer needs, greater customisation of products, providing better service quality, new markets, fast communication with customers, increased customer satisfaction and market share.

#### **7.4.2 E-Marketing Implementation:-**

As discussed previously in chapter two (section 2.2), Electronic Marketing (E-Marketing) can be considered as a new modern business practice associated with promoting and selling goods, services, information and ideas via the Internet and other electronic means. Based on the previous discussion and by taking into consideration the study aims, E-Marketing implementation is one of the research variables for this study. Consequently, for the purpose of conducting the research, E-Marketing implementation will be measured through measuring the level, tools and form of E-Marketing implemented by the SBEs and depending on the suitable measures as illustrated in the following discussion.

### 7.4.2.1 Tools of E-Marketing implementation:-

E-Marketing can be implemented through many different tools or means, the most commonly tools used by most firms are: Internet Marketing and E-mail Marketing followed by Mobile Marketing, Intranet Marketing and Extranet Marketing. Although these tools had been discussed in detail in chapter 2, the following table summarise it:-

**Table 7-3:** E-Marketing tools

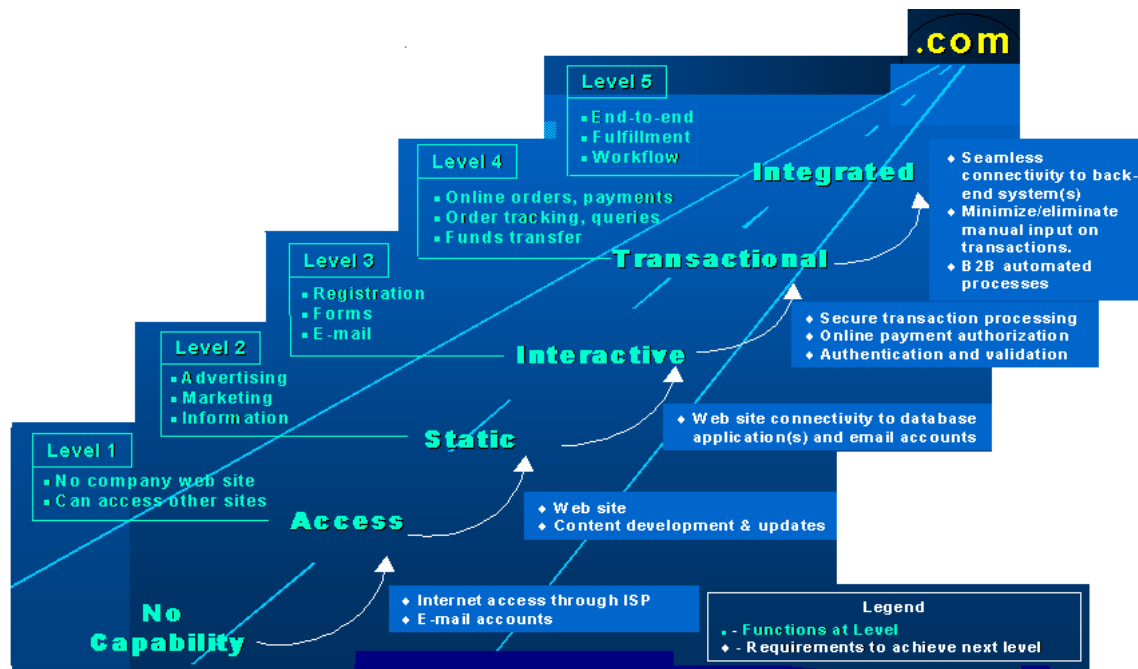
<b><i>E-Marketing Tool</i></b>	<b><i>Concept / Definition</i></b>	<b><i>Discussion</i></b>
<b><i>Internet Marketing</i></b>	Achieving marketing objectives through applying digital technologies of the Internet (Chaffey, 2007)	<ul style="list-style-type: none"> <li>- Has changed the way businesses interact and deal with their customers.</li> <li>- Play a very important role in today's marketing practices.</li> <li>- Allows interactive marketing because the user is actively involved in responding to vendor's promotion campaign (Gogan, 1997; Poon and Jevons, 1997).</li> <li>- Offers tremendous potential for direct marketing and early stage marketing (Berthon <i>et al.</i>, 1996a, 1996b).</li> <li>- Allow full multi-media interactive animations to execute over the Internet almost instantaneously.</li> <li>- Its marketing applications can be calcified according to three dimensions, which are: Government, Business and Consumer (Coppel, 2002).</li> </ul>
<b><i>E-mail Marketing</i></b>	Developing marketing strategies that use electronic mail to communicate with current customers and prospects (Galgano and La Mesa, 2006).	<ul style="list-style-type: none"> <li>- A format of an E-mail-based Marketing activity in which advertisements and marketing activities are sent to a targeted list of recipients.</li> <li>- The idea of using it is that it makes more sense to send attractive marketing activities to a smaller group of recipients that might actually be interested in receiving such messages.</li> <li>- Generally permission-based E-mail. For that E-mail marketing is not spamming.</li> <li>- To increase its effectiveness and efficiency, the sender may use customer segmentation techniques.</li> <li>- Is an important E-Marketing tool because E-mail is the most popular online activity</li> </ul>

		(according to Juniper Media Metrix, it is used by 98% of the people online) (eMA, 2008 b).
<b><i>Intranet Marketing</i></b>	<ul style="list-style-type: none"> <li>- Generally it is a private internal information system that works much the same way as the Internet operating within a company.</li> <li>- A private network within a single company using Internet standards to enable employees to share information using e-mail and web publishing (Chaffey, 2007, P: 421)</li> </ul>	<ul style="list-style-type: none"> <li>- Although both of them use features like E-mail and typical World Wide Web standards, Internet and Intranet are two different things.</li> <li>- The main differences between the Internet and Intranet are: - <ul style="list-style-type: none"> <li>- The users of an Intranet can get on the Internet while global Internet users can not get onto an Intranet unless they have access to it, and</li> <li>- The Intranet can be run without an Internet connection.</li> </ul> </li> <li>- Can be one of the marketing tools for the company and could be a very useful tool in conducting internal Marketing.</li> </ul>
<b><i>Extranet Marketing</i></b>	<ul style="list-style-type: none"> <li>- Part of the company Intranet that can be accessed by users outside of the company it self (An Intranet that also allows selected outside people in).</li> </ul>	<ul style="list-style-type: none"> <li>- Clients and customers, vendors, suppliers, and business partners are examples of the types of people who could benefit from this type of private network.</li> <li>- Clients can exchange large volumes of data using Electronic Data Interchange (EDI), share exclusive information, collaborate on joint business ventures, participate in training programs, and share services between the companies through it.</li> <li>- A way to communicate and split business information securely.</li> </ul>
<b><i>Mobile Marketing</i></b>	<ul style="list-style-type: none"> <li>- Using mobile phones to send attractive marketing activities to a smaller group of recipients that might be interested in receiving such a messages.</li> <li>- Is the process of systematic: planning, implementing and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products where the primary point of contact with the consumer is via their</li> </ul>	<ul style="list-style-type: none"> <li>- Can be conducted through: SMS, MMS, WAP Banner Advertisements, Mobile TV and Bluetooth.</li> <li>- Text messages or short messaging service (SMS) messages is one of its main components.</li> <li>- According to the Mobile Data Association MDA (2009) the number of text messages in the UK in October 2006 reached 3.790 Millions.</li> <li>- One of the main reasons for this growth is that text messaging has become increasingly used as a business tool that enables information to be sent to groups of people quickly and conveniently.</li> <li>- Mobile Marketing seems to be most</li> </ul>

mobile device (Norcross, 2008). presented in emerging economies possibly because such economies do not have the technological infrastructure available to developed countries.

#### 7.4.2.2 Levels of E-Marketing implementation:-

Watson et al. (2007) introduced five main levels of technological progress for a business. These five levels are illustrated in the following figure:-



**Figure 7-1:** Levels of technological progress for a business  
**Source:** Watson et al. (2007)

According to Watson et al. (2007), any type of companies can be classified into one of the following levels of technological progress:-

- Level zero: the company have no capability of depending on electronic means in conducting its business.
- Level 1(access): the company does not have a website of its own but have Internet access through an Internet Service Provider (ISP) and can access other sites and communicate through e-mail accounts.
- Level 2 (Static): the company have its own website which is normally used in conducting the advertising and marketing activities as well as providing

- customers with information about the company. But, the content of the website is poor and static (without any updates).
- Level 3 (Interactive): the company website is connected to a database and the company interact with its customers through registration forms and e-mail accounts.
  - Level 4 (Transactional): the company create a secure transaction processing system as well as online payment authorisation to establish online orders, order tracking, fund transfer, online payments and answering the customers queries.
  - Level 5 (Integrated): the company minimise and eliminate the manual input in conducting the transactions and work to create an automated workflow and Business - to – Business automated processes to fulfil all the customers needs.

In conducting this research, this research argues that the levels of technological progress for businesses provided by Watson et al. (2007) can be adapted in the field of E-Marketing to illustrate the level of E-Marketing implementation within Small Business Enterprises. However, this research argues that:-

1 – The levels introduced by Watson et al. (2007) can fit mainly with the Internet Marketing component of E-Marketing because it deals only with technological progress for a business from an Internet and web site perspectives. Hence it can be used to evaluate the level of implementation of Internet marketing by the SBEs participating in the research study. However, it can not be the only tool to be used to evaluate the level of implementation of E-Marketing since Internet marketing is just one component of the bigger umbrella of E-Marketing.

2 - These levels can be adjusted to 4 levels of implementation instead of 5 wide and general levels. These four levels can be illustrated in the following table:

**Table 7-4:** Levels of E-Marketing implementation

<i>Level</i>	<i>Discussion</i>
Level 1: <i>No Implementation</i>	In this level the firm will conduct its marketing activities depending on traditional marketing without any access to the Internet or any electronic means.
Level 2: <i>Low Implementation</i>	In this level the enterprise will start to implement E-Marketing through having its own website which will be used in conducting the advertising and marketing activities as well as providing



	<p>information about the company or by: accessing other companies sites, the Internet and communicate with e-mail accounts through Internet Service Provider (ISP).</p> <p>In most cases, the contents of the small business enterprise website will be poor in value and static without any systematic or regular updates.</p>
<p>Level 3: <i>Medium Implementation</i></p>	<p>In this level the enterprise will develop its website, have a systematic or regular updates for it and have connectivity of its website to a database.</p> <p>Moreover, the enterprise will interact with its customers through registration forms, newsletters and e-mail accounts.</p>
<p>Level 4: <i>High Implementation</i></p>	<p>In this level the enterprise will go beyond the medium stage to a Transactional stage, in which the enterprise will create a secure transaction processing system as well as online payment authorisation to establish online orders, online payments, order tracking, fund transfer and answering the customers queries.</p> <p>Then the enterprise will minimise and eliminate the manual input on conducting the transactions to create an automated workflow and Business - to – Business automated processes to fulfil all the customers' needs.</p>

On the other hand, this research will use a classification of four levels to illustrate the level of E-mail Marketing, Mobile Marketing, Extranet marketing and Intranet marketing implementation within Small Business Enterprises. These four levels can be illustrated in the following table:-

**Table 7-5:** Levels of E-Marketing implementation within this study

<i>Level</i>	<i>Discussion</i>
<p>Level 1: <i>No Implementation</i></p>	<p>The small business enterprise does not use: E-mail Marketing, Mobile Marketing, Extranet marketing or Intranet marketing in conducting marketing activities.</p>
<p>Level 2: <i>Low Implementation</i></p>	<p>The small business enterprise uses: E-mail Marketing, Mobile Marketing, Extranet marketing or Intranet marketing in conducting 25 % or less of its marketing activities.</p>
<p>Level 3: <i>Medium Implementation</i></p>	<p>The small business enterprise uses: E-mail Marketing, Mobile Marketing, Extranet marketing or Intranet marketing in conducting more than 25% and less than 75 % of its marketing activities.</p>
<p>Level 4: <i>High Implementation</i></p>	<p>The small business enterprise uses: E-mail Marketing, Mobile Marketing, Extranet marketing or Intranet marketing in conducting more than 75 % of its marketing activities.</p>

### 7.4.2.3 Forms of E-Marketing implementation:-

E-Marketing as the sharing of business information, maintaining business relationships and conducting business transactions by electronic means and technology are playing a very important role in today's marketing practices and will continue playing the same role in the future. In this respect, E-Marketing can be conducted depending on a number of forms. Based on a detailed review of the literature, it is noticed that most researchers, scholars and practitioners agreed on the following forms of conducting electronic business transaction: Business to Business (B2B), Business to Consumer (B2C) and Business to Government (B2G). However, these forms are not the only forms of conducting electronic business transaction. Different electronic transaction models had been recommended by different researchers and practitioners in the field. However, the basic and most used model is developed according to two scopes namely: the type of buyer and the type of seller. In this respect, Coppel (2002) provided a model for Internet marketing applications. According to this model, Internet marketing applications can be categorized according to three dimensions, which are: Government, Business and Consumer. These applications are illustrated in figure 7-2.

	Government	Business	Consumer
Government	<b>G2G</b> e.g. coordination	<b>G2B</b> e.g. information	<b>G2C</b> e.g. information
Business	<b>B2G</b> e.g. e-procurement	<b>B2B</b> e.g. e-commerce, e-markets (Covisint.com)	<b>B2C</b> e.g. e-commerce, (Amazon.com)
Consumer	<b>C2G</b> e.g. tax compliance	<b>C2B</b> e.g. price comparison, e-markets (Priceline.com)	<b>C2C</b> e.g. e-markets (eBay.com)

**Figure 7-2:** Internet applications

**Source:** Coppel (2000).

Although figure 7-2 present nine different forms and all these forms had been used by researchers and practitioners in the fields of: E-Commerce, E-Business and Internet marketing to study electronic business transaction, only three of these forms was the most used and tested forms (which are the highlighted ones in figure 7-2) namely: Business to Business (B2B), Business to Consumer (B2C) and Business to Government (B2G). Hence, the research will take into consideration these forms only to evaluate E-

Marketing implementation by small business centerpieces. The following table illustrates the definition of these different three forms in some detail.

**Table 7-6:** Most used electronic business transaction forms

<i>Form</i>	<i>Definition</i>	<i>Discussion</i>
Business to Business ( <b>B2B</b> )	<ul style="list-style-type: none"> <li>- Trading between firms characterised by relatively large volumes, competitive and stable prices, fast delivery times and often on deferred payment basis (Business Dictionary, 2008a, P: 1).</li> <li>- Businesses selling goods and services to other businesses (Baghdadi, 2004, P: 190).</li> <li>- The process of employing information and communication technologies to support the whole company value chain from suppliers through the firm to customers (Pinkston, 2008, P: 1).</li> <li>- Commercial transactions between an organisation and other organisations (Chaffey, 2007, P: 11).</li> </ul>	<ul style="list-style-type: none"> <li>- This category represents the business firm targeting other businesses with its business activities (which include marketing). According to the literature, this category is the most commonly used one in conducting electronic business transaction.</li> <li>- On one hand, one of its examples would be: a company that uses the Internet for ordering from its suppliers, receiving invoices and making payments. On the other hand, another example of it would be: a company that uses the Internet for selling its products to other firms, sends the invoices and receiving payments.</li> <li>- The Internet has opened up a new set of B2B applications. Going far from simple web based ordering systems, customer relations management (CRM) systems allowing suppliers to facilitate cooperation and collaboration with their customers (Peppers and Rogers, 2001).</li> </ul>
Business to Consumer ( <b>B2C</b> )	<ul style="list-style-type: none"> <li>- The use by business and consumers of the global Internet for the sale and purchase of goods and services (Chun Ho, et. al., 2006, P: 237).</li> <li>- A transaction that occurs between a company and a consumer (Business Dictionary, 2008b, P: 1).</li> <li>- Commercial transactions between an organisation and consumers (Chaffey, 2007, P: 11).</li> </ul>	<p>This category represents the business firm targeting the consumer or end user customer with its business activities (which include marketing) and it has expanded significantly in the last twenty years. At the moment, there are a lot of enterprises all over the Internet offering all types of products for its consumers.</p>
Business to Government	<ul style="list-style-type: none"> <li>- A transaction that links the business to the government, in</li> </ul>	<p>This category covers all transactions between companies and government</p>

<b>(B2G)</b>	which businesses bid for privatisation and government projects (Murillo, 2001, P: 371)	organisations. At present, this category of business is still at an early development stage. Government organisations sometimes offer the option of some electronic transaction such as: VAT returns and the payment of corporate tax to companies.
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On the other hand, Goodley and Lauchlan (2000), Kesselyack (2000) and Torris et al. (2000) believed that B2B is not only the largest proportion of the E-commerce market but also that B2B will acquire the majority of the predicted future growth. Moreover, Chen (2001) illustrated that B2B generates more revenue than B2C. This can be both supported and justified by the benefits that business firms can acquire from B2B applications. Some of these benefits are reported in the literature and illustrated in the following table:-

**Table 7-7:** Business to Business (B2B) benefits to business firms as in the literature

<b>Benefits</b>	<b>Bibliography</b>
Reducing cost	Walczuch et al. (2000), Wen et al. (2001), European Commission (2008) Daniel and Wilson (2002), Quayle 2002), Rodgers et al. (2002), MacGregor and Vrazalic (2004), Simpson and Docherty (2004), Stockdale and Standing (2004), Tsao et al. (2004) Gunasekaran and Ngai (2005), Poon and Swatman (1997), Abell and Limm (1996),
Increase sales	Walczuch et al. (2000), Simpson and Docherty (2004), Abell and Limm (1996),
Convenience	Damanpour and Damanpour (2001), Wen et al. (2001), Stockdale and Standing (2004), Tsao et al. (2004)
Increase competitive advantage	Wen et al. (2001), Daniel and Wilson (2002), Quayle 2002), Simpson and Docherty (2004), Vescovi (2000)
Time savings	Wen et al. (2001), Quayle (2002), Raymond (2001), Sparkes and Thomas (2001), Vescovi (2000)
Attract new customers	European Commission (2008), Daniel and Wilson (2002), Quayle (2002)
Brand building	Walczuch et al. (2000), Daniel and Wilson (2002)
Admission to the world markets	Walczuch et al. (2000), European Commission (2008), Jeffcoate et al. (2002), Simpson and Docherty (2004), Stockdale and Standing (2004), Tsao et al. (2004), Gunasekaran and Ngai (2005)

Increase efficiency	Walczuch et al. (2000), Wen et al. (2001), European Commission (2008), Rodgers et al. (2002), Tsao et al. (2004), Tetteh and Burn (2001)
Increase loyalty	Quayle (2002), Rodgers et al. (2002)
Facilitate and update information exchange	Walczuch et al. (2000) Wen et al. (2001) European Commission (2008), Rodgers et al. (2002), Simpson and Docherty (2004), Stockdale and Standing (2004), Gunasekaran and Ngai (2005)
Better customer service	Walczuch et al. (2000), Wen et al. (2001), Daniel and Wilson (2002), Quayle (2002), Rodgers et al. (2002), Simpson and Docherty (2004), Stockdale and Standing (2004), Gunasekaran and Ngai (2005)
Enhance customer relationships	Walczuch et al. (2000), Simpson and Docherty (2004)

**Source:** Prepared by the researcher based on the literature

On the other hand, many researchers in the field had argued that these different electronic business transactions forms can be used in conducting marketing and that it can be used as E-Marketing forms. On the other hand, although Chaffey (2007), Smith and Chaffey (2005), Thomas (2006), Evans and King (1999), Sharma (2002), Nielson (1996), Filiatrault and Lapierre (1997), Schellhase et al. (2000), Durvasula et al. (2000), Avlonitis and Karayanni (2000), Strauss and Frost (2001) and McDonald and Wilson (1999) are examples of those researchers, no one of them provided a definition of these different forms from an E-Marketing perspective. Accordingly, the researcher developed the following definitions for: B2B Marketing, B2C Marketing and B2G Marketing. The following table illustrates these different definitions.

**Table 7-8:** E-Marketing forms

<i>E-Marketing Form</i>	<i>Definition</i>
Business to Business Marketing ( <b>B2B Marketing</b> )	The process of deploying E-Marketing tools (Internet, Intranet, Extranet, E-Mail and Mobile) as well as information and communication technologies to deliver marketing activities to other businesses.
Business to Consumer Marketing ( <b>B2C Marketing</b> )	The process of deploying E-Marketing tools (Internet, Intranet, Extranet, E-Mail and Mobile) as well as information and communication technologies to deliver marketing activities to the company consumers.
Business to Government Marketing ( <b>B2G Marketing</b> )	The process of deploying E-Marketing tools (Internet, Intranet, Extranet, E-Mail and Mobile) as well as information and communication technologies to deliver marketing activities to government organisations and agencies.

Based on the previous discussion and for the purpose of conducting this research, these three forms of E-Marketing will be used to evaluate E-Marketing implementation by UK small business enterprises.

To sum up, there is a lot of tools, forms and levels of implementing E-Marketing. For the purpose of conducting this research, the research will investigate four levels of E-Marketing implementation (namely: no implementation, low implementation, medium implementation and high implementation), the most used E-Marketing forms (namely: B2B, B2C and B2G) as well as the five most common tools of E-Marketing used by most firms (Internet Marketing, E-mail Marketing, Intranet Marketing, Extranet Marketing and Mobile Marketing) to measure E-Marketing implementation by Small Business Enterprises.

### **7.4.3 E-Marketing adoption:-**

As discussed in details in chapters three, five and six, the research will investigate the effect of some factors on the adoption of E-Marketing by small business enterprises. These factors are driven from the literature of E-Marketing as well as the technology adoption theories and were purified by the exploratory studies conducted in Egypt and the UK. As discussed and justified in chapter six and 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.

With regard to the environmental macro factors, the level of competition pressures that the firm faces and the market trends might constitute triggers for E-Marketing adoption. Also, small firms may sometimes choose to adopt E-Marketing and E-business as a result of external forces and the need to remain competitive, rather than direct increases in productivity (UNCTAD - United Nations, 2004). In this respect, competition could act as an E-Marketing trigger in cases where small firms find themselves losing their competitive advantage or being out of the competition because the industry competitors are adopting E-Marketing or E-business and gaining both: competitive advantage and business effectiveness and efficiency. Additionally, according

to the literature there are some other triggers for E-Marketing adoption like: the cultural orientation towards E-Marketing, government influences and the favourable climate for SBEs adoption of E-Marketing.

On the other hand, the Environmental Micro triggers play a major role in E-Marketing adoption by Small Business Enterprises. These factors or triggers are hypothesised to include owner (entrepreneur) skills and support, organisational culture, SBE resources, type of the product, international orientation of the SBE, size of the firm, perceived ease of use, perceive relative advantage (usefulness) and perceived compatibility. Both Environmental Macro and Micro factors for E-Marketing adoption by SBEs that had been included in the conceptual framework of the research had been discussed in chapter six.

### **7.5 The conceptual framework:-**

The conceptual framework (Figure 7-3) is developed keeping in mind that in most cases SBEs are on the disadvantaged end of the global digital world and might lose 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. In addition the framework postulates that E-Marketing for small firms would characteristically be impacted by different environmental micro factors as well as environmental macro factors. The conceptual framework also had been developed bearing in mind that implementing E-Marketing can be done through different tools, forms and levels of implementation.

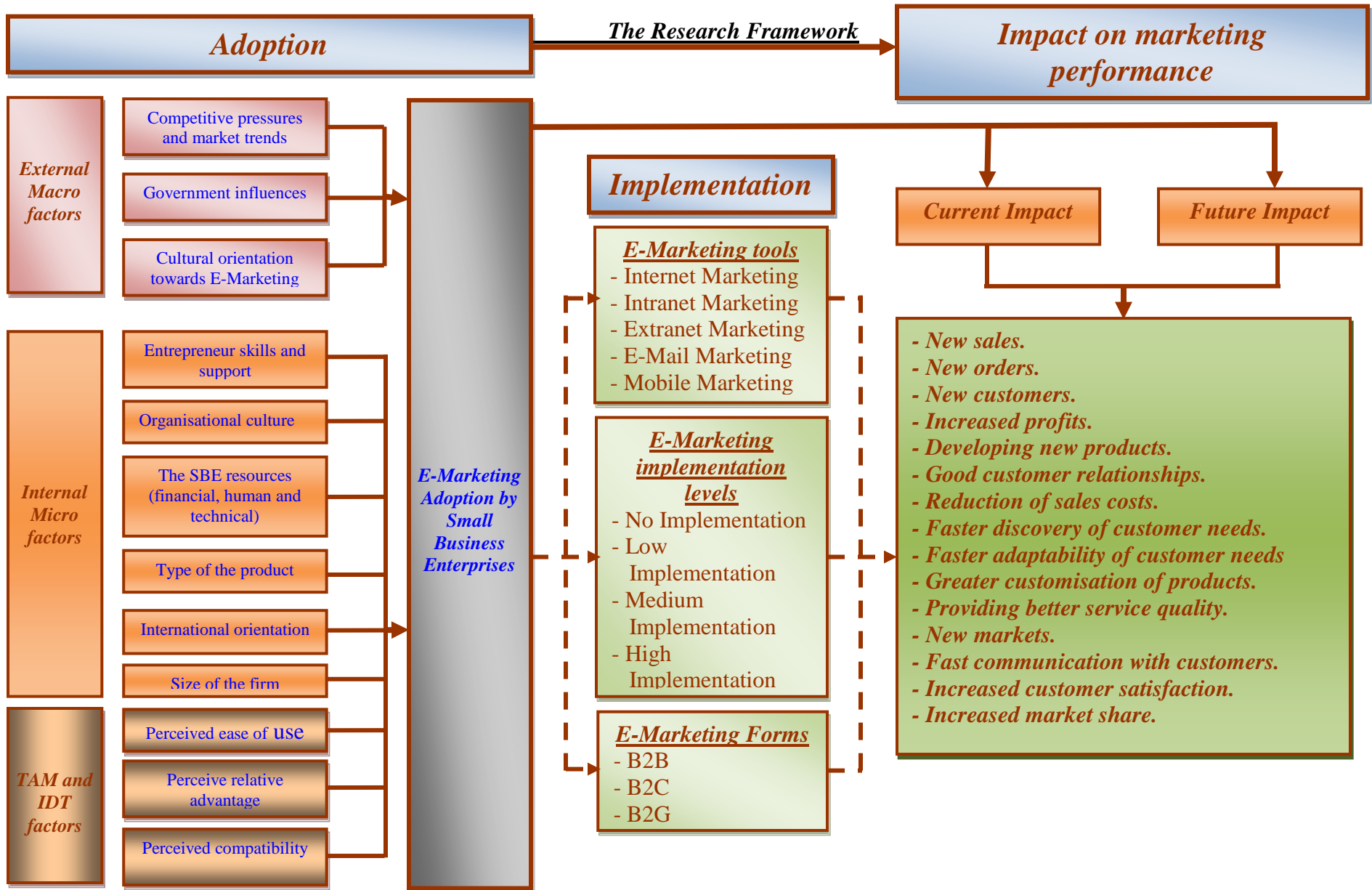


Figure7- 3: The research framework (impact of E-Marketing adoption on SBEs marketing performance)



## **7.6 Research Hypotheses:-**

Based on the previous discussion, the literature review and the outcomes of the exploratory studies, the following hypotheses have been constructed. Both the conceptual framework and empirical study are linked together to test these hypotheses:-

### ***Hypotheses (1): Adopting E-Marketing by the SBEs is dependent on the SBE internal related factors.***

- (1-A): Adopting E-Marketing by the SBEs is dependent on the small business owner skills and support.
- (1-B): Adopting E-Marketing by the SBEs is dependent on the available resources of the SBE.
- (1-C): Adopting E-Marketing by the SBEs is dependent on the SBE organisational culture.
- (1-D): Adopting E-Marketing by the SBEs is dependent on the type of products produced by the SBE.
- (1-E): Adopting E-Marketing by the SBEs is dependent on the international orientation of the SBE.
- (1-F): Adopting E-Marketing by the SBEs is dependent on the SBE size.
- (1-G) Owner skills, available resources of the SBE, SBE organisational culture, SBE type of products, international orientation of the SBE and SBE size have a positive impact on E-Marketing adoption by the SBE.

### ***Hypotheses (2): Adopting E-Marketing by the SBEs is dependent on the TAM and IDT related factors***

- (2-A): Adopting E-Marketing by the SBEs is dependent on E-Marketing perceived ease of use.
- (2-B): Adopting E-Marketing by the SBEs is dependent on E-Marketing perceived relative advantage (usefulness).
- (2-C): Adopting E-Marketing by the SBEs is dependent on E-Marketing perceived compatibility.

***Hypotheses (3): Adopting E-Marketing by the SBEs is dependent on the SBE external related factors.***

- (3-A): There is a positive relationship between market trends and competitive pressures and E-Marketing adoption by the SBEs.
- (3-B): There is a positive relationship between government influence and E-Marketing adoption by the SBEs.
- (3-C): There is a positive relationship between cultural orientation towards E-Marketing by the SBE customers and E-Marketing adoption by the SBEs.
- (3-D) Competitive pressures, government influence and cultural orientation towards E-Marketing by the SBE customers have a positive impact on E-Marketing adoption by the SBE.

***Hypothesis (4): The SBE internal related factors have a positive impact on the TAM and IDT related factors***

- (4-A): Owner skills, available resources of the SBE, SBE organisational culture, SBE type of products, international orientation of the SBE and SBE size have a positive impact on E-Marketing perceived ease of use.
- (4-B): Owner skills, available resources of the SBE, SBE organisational culture, SBE type of products, international orientation of the SBE and SBE size have a positive impact on E-Marketing perceived relative advantage.
- (4-C): Owner skills, available resources of the SBE, SBE organisational culture, SBE type of products, international orientation of the SBE and SBE size have a positive impact on E-Marketing perceived compatibility.

***Hypothesis (5): The TAM and IDT related factors are dependent on the SBE external related factors***

- (5-A): E-Marketing perceived ease of use is dependent on competitive pressures, government influence and cultural orientation towards E-Marketing by the SBE customers.
- (5-B): E-Marketing perceived relative advantage (usefulness) is dependent on competitive pressures, government influence and cultural orientation towards E-Marketing by the SBE customers.

(5-C): E-Marketing perceived compatibility is dependent on competitive pressures, government influence and cultural orientation towards E-Marketing by the SBE customers.

***Hypothesis (6): SBEs implement E-Marketing through different E-Marketing tools, forms and in different implementation levels***

(6-A): When implementing E-Marketing SBEs depends on more than one form of E-Marketing forms.

(6-B): When implementing E-Marketing SBEs depend on more than one tool of E-Marketing tools.

(6-C): SBEs implement E-Marketing in different implementation levels.

(6-D): Internet marketing and E-Mail marketing are the most commonly used E-Marketing tools by SBEs when implementing E-Marketing.

(6-E): B2B and B2C are the most commonly used E-Marketing forms by SBEs when implementing E-Marketing.

***Hypothesis (7): E-Marketing adoption by SBEs has a positive impact on the marketing performance of the SBE.***

(7-A): E-Marketing adoption by SBEs has a positive impact on the current marketing performance of the SBE.

(7-B): E-Marketing adoption by SBEs has a positive impact on the expected future marketing performance of the SBE.

## **7.7 Chapter summary:-**

Based on the discussions and the outcomes of chapters 2, 3, 5 and 6, this chapter aimed to outline the research framework for this research. The chapter started by illustrating the research questions and an explanation of their origin as well as the need for a framework of E-Marketing from a small businesses context. The research framework was developed to answer the research main questions which are related to the different factors affecting the adoption of E-Marketing by small business enterprises, the different forms, levels and tools used by SBEs to implement E-Marketing and the

relationship between implementing E-Marketing and marketing performance of small business enterprises.

To achieve an answer for these questions, the chapter provided a detailed discussion of the different research variables which led to the construction of the research framework. Within this context, all the issues related to SBEs marketing performance were discussed in detail starting with the definition of performance and crossing by the different marketing performance measures used by researchers and practitioners and ending with a deep discussion about E-Marketing performance measures. Then the issues related to E-Marketing implementation by small business were discussed. Within this discussion, the different E-Marketing tools and forms as well as the different levels of E-Marketing implementation were demonstrated. Afterward, a brief discussion related to the factors affecting E-Marketing adoption was presented.

Thereafter, the chapter presented the research hypotheses in an attempt to test these hypotheses to answer the research questions and achieve the research objectives. Based on the research framework discussed within this chapter, the research questionnaire was constructed (as illustrated and discussed in detail in chapter four) to be used in collecting the relevant research data which will be then analysed to test the research hypotheses and provide answers for the research questions. The analysis of these data are discussed and presented in detail in chapters eight and nine.