

# Chapter 13

## Understanding the Factors Affecting the Adoption of E-Marketing by Small Business Enterprises

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### ABSTRACT

*The chapter builds on the current body of knowledge in the field of E-Marketing through a survey and organised systematic examination of the published work related to the Technology Acceptance Model (TAM), Innovation Diffusion Theory (IDT) and E-Marketing adoption by Small Business Enterprises. Furthermore, the chapter illustrates that although many E-Marketing adoption factors are driven from the literature of E-Marketing, as well as the technology adoption theories like TAM and IDT, only some of these factors are found to significantly affect the adoption of E-Marketing by Small Business Enterprises. This review and the results of the fieldwork research conducted by the authors will enable entrepreneurs, policy makers, students and practitioners to build a greater understanding of E-Marketing adoption in a small business context. Moreover, the chapter will help researchers and scholars in the field of E-Marketing to have a clearer view towards suitable future research studies in the field of E-Marketing that in turn will contribute to the related accumulated knowledge in the field.*

### INTRODUCTION

Small Business Enterprises (SBE's) play a one of the main roles in the world economy today, and

they are recognised as one of the main contributors to economic development, innovations and employment growth all over the world. According to Mulhern (1995), most of the registered European companies (99% of the total number of companies

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in Europe) are small and medium sized (SME) and had provided 66% of the employment in Europe in the period from 1985-1995. That is also true in Less Developing Countries (LDC's) since small businesses represent a high percentage of the total number of enterprises.

Moreover, the revolution in computer science, the Internet, information technology (IT), media and communications has changed the ways of conduct business today. In the last two decades, growing numbers of companies and enterprises have been using the Internet and other electronic communications to conduct its marketing efforts and activities, giving the chance for Electronic marketing (as a new marketing phenomenon and philosophy) to grow in a dramatic and dynamic way.

From the authors point of view, adopting and implementing E-Marketing effectively and efficiently by small business enterprise can change both the characteristics and nature of SBEs business all over the world. As a result of the increased usage of the Internet and other Electronic marketing tools (i.e.: Intranets, Extranets and Mobile phones) in conducting electronic transactions not only a lot of opportunities for Small Business Enterprises can be created but also this might eliminate many of the threats facing SBE's. From this perspective, the Internet and other electronic media and Electronic marketing tools are playing a vital role in marketing activities within business enterprises regardless of type or size.

On the other hand, the adoption of new technologies has attracted a lot of interest from researchers and practitioners during the last two decades to gain a better understanding of how they can be used more effectively. Unlike new technological innovation, which often appears to occur as a single event or jump, the adoption or diffusion of technology into practice appears as a continuous and rather slow process (Hall and Khan, 2003, p:1). However, there are a number of accepted theoretical frameworks that have been used by researchers to investigate the adoption

and diffusion of information technology and new technologies by the business community. Although there are a lot of theories about technology adoption, only three have been rigorously applied by the research community namely: the Davis (1989) Technology Acceptance Model (TAM), the Rogers (1995) Innovation Diffusion Theory (IDT) and the Decomposed Theory of Planned Behaviour model (TPB) (Looi, 2004).

Moreover, recent research into IT adoption and use has been motivated by the desire to predict factors, which can lead to successful application in a marketing context (Lynn *et al.*, 2002:35; Rose and Straub, 1998:39). But E-Marketing is still a relatively new concept, particularly for Small Business Enterprises that have limited resources and can ill afford to make unwise investments. Therefore, there is a need to have a much clearer understanding of E-Marketing problems as well as its opportunities for SBE's and how these technologies can be used to carry out the marketing process in a more effective way than a reliance on traditional practice.

Depending on that, the chapter aims to explore, analyze and develop a clear and deep understanding about the different factors affecting the adoption of E-Marketing by Small Business Enterprises. This understanding will provide benefits for entrepreneurs, policy makers, students, practitioners, researchers, and educators though providing a clearer view and deep complete understanding for all the aspects related to the adoption of E-Marketing by Small Business Enterprises. The chapter will review the most frequently used new technologies adoption models theories and then examine their potential for an analysis of E-Marketing practice. Because each theory has a different perspective of new technology, a combination of elements from each may provide a more robust model that may be constructive and practical for the analysis of E-Marketing in an SBE context.

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