LINKING E-MARKETING PRACTICES WITH THE SALES OF SMALL AND MEDIUM-SIZED ENTERPRISES, IN KARACHI: A MODERATING ROLE OF BUSINESS INTELLIGENCE GATHERING

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ABSTRACT

E-Marketing is a contemporary tool associated with large corporations all over the globe. However as far as Small and Medium Enterprises (SMEs) are concerned the use of E-Marketing efforts are far and few between, and the entrepreneurs are reluctant in using these innovative technologies in order to avoid any negative impact on their business. In addition to this research uncovering usage of E-Marketing for SMEs, they are also lacking in presence, especially in the context of underdeveloped countries or least developed countries. Same is valid for Pakistan where there is least amount of research work available which can highlight the role of E-Marketing in the business development of SMEs. Thus, a research work is required to initiate learning and development activities towards this one of the most important business strategies, which SMEs must follow, in order to remain competitive. Therefore, in order to bridge this gap research model has been developed by combining research work conducted in the Western and African scenario, in order to clarify the role of E-Marketing on the sales of SMEs. Furthermore, to add validity to the research questionnaire has been adapted and non-Probability sampling has been used as per the indication of prior research work. The data analysis concludes that E-Marketing activities are significantly effective for the enhancement of sales for SMEs.

Keywords: SMEs, Sales, Intelligence Gathering, E-Marketing.

INTRODUCTION

Peace and Obikeze (2017), endorsed that Small and Medium Sized Enterprises (SMEs) are one of the most dominant pillars which provide enormous support to any economy. In literature, the major role of SMEs can be observed in those economies which are treated as developing ones and suffering from challenges of income distribution (Adelaja, 2007). Furthermore, contrasting the business performance with effective business tools, Maldeni and Jayasenne (2008) clarified that organizational performance has been positively influenced by the use of E-Marketing tools and for SMEs, use of E-Marketing is treated as a tool which makes them survive in the technology-driven-economy (Peace & Obikeze, 2017).
With respect to this, Forcht and Wex (2006) pointed that E-Marketing provides some innovative ways to SMEs to optimize their knowledge base in order to enhance their sales associated with local as well as in international markets. This actually happens as the E-Marketing is an innovative way which in association with different technologies like the internet and social media foster communication between the buyers and sellers (Coviello et al., 2001). But the essence to use this innovative technology will always have an impact on SMEs, especially to those which are operating in (LDC) Least Developed Countries (El-Gohary, 2012). Although the majority of available literature associated with E-Marketing is linked with large sized corporations, limited research work has indicated the use of E-Marketing for SMEs (Iddris & Ibrahim, 2015).

In addition to the ability to augment business strengths, E-Marketing tools also have the potential to minimize possible business threats, especially in the context of SMEs (Peace & Obikeze, 2017). Hence, it is optimal to believe that entrepreneurs must treat this innovation as an imperative tool for business (Ramsey, Ibbotson, Bell & Gray, 2003), which also has the capability to create major changes in the business and on other related activities in corporations all over the world (Peace & Obikeze, 2017). Business significance of SMEs is also found true in Pakistan, which is evident by their substantial contribution in economic growth, technological innovation, economic renewal and social development (Dar, Ahmed & Raziq, 2017).

STATEMENT OF THE PROBLEM & THEORETICAL BACKGROUND

It is beneficial for SMEs to remain competitive and the degree of this requirement is even increased in those countries which have severe competition (Lloyd, 2002). These findings are especially found true when SMEs are facing unique problems which are impairing their capacity to adopt technology as well as hindering their growth (Elliot & Boshoff, 2007). Thus, the marketing thoughts can never remain same or similar for SMEs (Carson, 1993), in fact, the performance of small as well as large organizations is mainly affected by governmental level implications (Shaher, 2012). In addition, entrepreneurs are also reluctant in the implementation of the latest technology and do not feel appropriate to change their traditional business practices (Kai-Uwe, 2002). These findings are even supported by the findings of Dlodlo and Mafini (2014), who assert that that due to the late adaptation of emerging trends the benefits procured are not even creating the desired impact on SMEs. Studies reveal that inclusion of latest technology optimizes the firm’s performance with respect to productivity, financials, market share and customer’s loyalty. Although SMEs are seems to be blind in this regard as they are continuously ignoring the level of benefit which
might be achieved via use of website (Gilmore, Gallagher & Henry, 2007). On the other hand, research work indicated the strong probability of benefits for SMEs due to the inclusion of latest technology for enhancement of its productivity, financials, market share and customer’s loyalty (Ensari, 2016 & Al Badi, 2018). Though empirical findings highlight a 50-50 ratio for the impact of E-Marketing on the enhancement of the firm’s performance (Sheikh, Shahzad & Ku Ishak, 2017). However, there are studies like Mohamad, Building and Ismail (2009); Raymond, Bergeron and Bilili (2005), on firm’s growth; Johnston, Wade and McClean (2007), on financial enhancement; Teo (2007), Teo and Pian (2003), on competitive advantage of the firm through the use of E-Marketing. It has however been observed that the benefits achieved by E-Marketing are not reliable and vary from one sector to another (Johnston & Wright, 2004).

With reference to the diversified set of benefits for each business industry, there is an essential requirement for entrepreneurs to understand the way through which new technologies like E-Marketing may aid SMEs in creating desired moves and create an optimal impact on customers (Harrigan, Ramsey & Ibbotson, 2012; O’Donnell, 2011). Moreover, by linking all these activities with E-Marketing, there is an obvious advantage of using this technology asset is convenient to track customer properly i.e. customers time spent on a website, a website from which customer came and also the page customer visited first (Swarbrooke, 2009).

Thus, keeping in view the prior research work done by many authors like Apiah-Adu (1998), and findings of Deros, Yusof and Salleh (2006), that under most of the countries SMEs are dominating industrial and commercial sector, this study intends to combine the researches on the topic of E-Marketing in association with SMEs and found that there is no research which indicates the use of E-Marketing on performance of SMEs. Moreover, when the research work on SMEs in the context of Pakistan is considered it has been witnessed that a minimal research is conducted in this area.

Berry (1998) analyzed the potential role of the SME sector in Pakistan; Nauman and Gul (2009) investigated the topic of innovation in Pakistan SMEs; Batool and Zulfiqar (2011) researched the performance and structure of small and medium sized enterprises; Qureshi and Hirani (2011) further study the role of SMEs in the socio-economic stability of Karachi; Ahmadani, Shaikh and Shaikh (2012), investigated the SME sector and its impact on the economic development of Pakistan; Shah, Javed and Syed (2013) explored internationalization of SMEs in Pakistan; Chughtai and Alam (2014) and Abrar-ul-Haq, Razani and Nurual Islam (2015) examined the factors affecting the development of SMEs in Pakistan; Mustaghis-ur-Rahman, Stough and Jalees (2015) assessed the effectiveness of support policies for SMEs in Pakistan; Chaudary (2015) analyzed the factors
affecting the development and growth of SMEs in Pakistan; Dar, Ahmed and Raziq (2017) studied the definition and critical issues associated with SMEs in Pakistan; Ammad and Sadaf (2017) further observed the role of SMEs in economic and socio-economic development of Pakistan; and Zafar, Iraqi and Mustafa (2017) analyzed the role of educational institutions in the development of entrepreneurs and Sultan Balouch and Anila (2018), studied the perceived impact of e-marketing on performance of SMEs.

As there was no prior relevant research available, associated with the objective of this research domain in Pakistan therefore, the authors have used the references of research work conducted in other countries and have found certain evidence, which also played a significant role in the development of a theoretical framework and the research model. Research work conducted by Kalyanam and McIntyre (2002); Bernoff and Li (2008) considered and acknowledged the importance of E-Marketing as a tool which helps SMEs in the same way it helps larger corporations. Research further elaborated that through the use of digital channels managers can optimize working of more than one business function.

Njau and Karugu (2014) in their study to find the influence of E-Marketing on the performance of SMEs in Kenya, highlighted that the marketing performance of SMEs is optimized by the use of E-Marketing. Nevertheless, there are some key components of E-Marketing such as search engine marketing, e-mail marketing, blog marketing and online advertising as they are responsible for the increase in the reach of SMEs. The study further clarifies that the use of these key components aids in synchronization of company's offerings with the customer requirements and leads to increase in market share helps the company in product optimization and generate new ventures for them. Moreover, use of E-Marketing is also responsible to pave the way to new markets and diminishes the impact of increasing competition.

Other research conducted by Dlodlo and Mafini (2014), in Zimbabwean context indicated that there are four major benefits of E-Marketing for SMEs which are classified as: (a) Intelligence gathering (b) Promotion (c) Communication, and (d) Relationship management. But when researchers analyzed the impact of these four factors on the productivity of SME it has been observed that payback ratio of promotions through E-Marketing is most in the category followed by communication, intelligence gathering and customer relationship management.

Ryan and Jones (2009) investigated the impact of digital marketing activities on the firm's sales and indicated that there is a significant relationship between E-Marketing activities and sales. Moreover, it has also been revealed that all the elements used for E-Marketing efforts including (a) E-Mail marketing (b) Search Engine Optimization (c) Social Media Marketing, are producing a significant impact on sales of SMEs.
Srinivasan, Baja and Bhanot (2016) emphasized the role of social media marketing on Micro, Small and Medium Sized firms' acquisition and retention of customers. Research indicated that there is a positive relationship investment made by companies on social media activities and enhancement of sales through social media marketing company has created brand awareness and trust.

Though there is an indication from early research of Adrian and Brychan (2001), that philosophy of marketing for SMEs lies in managing relations with customers, and that for the customers' internet is a medium which can pave the way for successful management of these relationships. Thao and Swierczek (2008) indicated a link which can be used to relate E-Marketing practices of SMEs with the long-term relationship of suppliers, coupled with the findings of Hoffman and Novak (1996), it is reasonable to believe that small firms, as well as their customers, can avail advantages through the use of internet marketing and build interactive relationships.

In essence, when research work on the use of E-Marketing by SMEs in the context of Pakistan is considered, it has been observed that there is an inadequate research conducted previously to indicate the benefits of E-Marketing for enhancing sales, market share or customer’s loyalty in SMEs. The previous literature depicts that most of the previous studies are basically based upon generic criterion and facilities associated with SMEs like their definition and description, business optimization, technological innovation, policies associated with SMEs and the role of SMEs in economic development. Thus, there is a significant need for research to provide evidence on the use of E-Marketing tools on the sales, market share and customer preferences in the context of SMEs operating in Pakistan.

RESEARCH MODEL

Previously very limited research work has been carried on E-Marketing to exemplify the role of E-Marketing tools on business performance, customer acquisition and enhancement of market share in SMEs in Pakistan. In order to validate the research work, the authors have conducted extensive literature survey to highlight the prior research in sequential form and proposed the following research model:
DELIMITATIONS OF THE STUDY

As minimal research work is done previously, associated with SME performance in the territories of Pakistan, it was difficult to gauge factors affecting financial performance, market share, sales, customer satisfaction and customers’ loyalty in this context. Thus, by using constructs associated with the international scenario the impact of E-Marketing on sales of SMEs was selected with the moderating role of intelligence gathering. The reason for selecting the sales as the major dependent variable in the research is that there are several previous studies (in International context) which investigated the resultant of E-Marketing on sales (Sirinivason, Bajaj & Bhanot, 2016; Njau and Karugu, 2014) while intelligence gathering is one of the dominant variable which resulted in payback of E-Marketing practices on the performance of SMEs (Dlodlo & Mafini, 2014).

SIGNIFICANCE OF THE STUDY

Research is immensely important in enhancement of understanding associated with the economy of Pakistan as in the economy 90% of the private sector enterprises are SMEs. Thus, this research is not only relevant and significant for managers operating in the SME sector but also for the policy makers of Pakistan. It is optimal to state that it is actually a pervasive research which will aid in understanding the use of E-Marketing efforts for the sector responsible for the majority of contribution in the economy.

Moreover this research is also beneficial in enhancement of research activities associated with E-Marketing as well as SMEs in the context of (UDCs) Under-Developed Countries as under these type of countries, e.g., Pakistan, there is significant lacking which can clarify the impact of E-Marketing activities and when the research on E-Marketing have context of SMEs then it will provide optimum benefits to the UDCs like Pakistan.

LITERATURE REVIEW

Dogra (2005:297) defined E-Marketing as “the moving elements of marketing strategies and activities to a computerized network environment such as the internet, and a strategic process of creating, distributing, promoting and pricing goods and services to a target market over the internet or through digital tools”.

Research work by Stankovska, Josimovski, and Edwards (2016), postulated that through use of internet SMEs might evaluate their internal competitors more effectively. Moreover, 24/7 accessibility from anywhere is also optimizing the level of convenience for SME’s owners as well as for their customers. These advantages are even supported by the research of Sheth and Sharma (2005) and highlighted that internet use is significant in the elimination of boundaries of time and space and hence optimal enough for SMEs in order to pursue growth strategies. Moreover, another research of
2007 indicated that E-Marketing via the use of the latest technologies is optimal to fulfill existing as well as emerging customer’s requirements (Gilmore, Gallagher & Henry, 2007). These findings are even endorsed by the work of Chaffey Ellis-Chadwick and Johnston (2009), evaluating E-Marketing pertaining to the achievement of financial returns by anticipating and fulfilling customers needs in a satisfactory manner (Sam & Leng, 2006).

Study of Poon and Swatman (1999) classified benefits of E-Marketing in two major categories i.e. direct benefits which are a short-term benefits e.g. reduction of cost and addition of customers, and indirect benefits which are termed as long-term benefits e.g. introduction of new products/service and entry to the new markets.

Research also investigated the way in which social media marketing affect loyalty level of customers and revealed that the loyalty level optimized when social media provides them advantageous campaigns and offers related content as per their requirements (Sam & Leng, 2006). Evaluating the impact of various forms of E-Marketing on the sales of the firm, Ryan and Jones (2009) researched on various forms of E-Marketing in order to clarify their impact on sales and indicated that online advertising, email marketing, social media marketing and optimization of search engine all are fruitful in the optimization of sales.

Particularly related to the empirical findings with the SMEs growth and sales, the research conducted by Jagongo and Kinyua (2013) in order to observe the impact of social media marketing efforts on growth SMEs and observed that there is an impact of these type of marketing efforts on the growth of SMEs. As through social media marketing efforts, SMEs are able to increase their reach to markets and also optimize their abilities of customer relationship management. Moreover, the use of social media marketing also aids in the development of database and this development ultimately helps entrepreneurs in generating more sales.

Njau and Karugu (2014) conducted a study on E-Marketing practices followed in the manufacturing industry of Kenya in order to uncover the impact of E-Marketing practices on SMEs. The major purpose of the study was on email marketing, search engine marketing and online marketing and results of the study revealed that all these types of marketing have a significant impact on the level of performance of SMEs operating in Kenya. Moreover, research also suggested that government must provide guidelines to SMEs to develop a framework of marketing through E-Marketing efforts and aids in the development of policies associated with E-Marketing programs of SMEs.

Kithinji (2014) also conducted a research on the performance of SMEs operating in Kenya. The study focused upon SMEs operations in Nairobi and concluded that use of E-Marketing enhances market share,
profitability as well as SMEs ability to expand in different markets. But with all this, study also revealed a point of worry for SMEs that entrepreneurs are afraid of internet marketing use, as customers who are not habitual of using internet might be lost.

Research of progressive year worked upon the impact of E-Marketing efforts by small businesses on their performance and found that the development of liaison with other business is helpful in the enhancement of brand exposure. Thus, indicated that linkage with other business may also help SMEs in optimizing their reach (Adegbuyi, Akinyele & Akinyele, 2015). Another research of same year by Taiminen and Karjaluoto (2015) highlighted that entrepreneurs realize that digital marketing is bringing change in the way of communication and the impact of various forms of E-Marketing is also significant on the performance of the business. Though analysis also revealed that SMEs are not utilizing the digital tools as per the potential of these tools and hence fall on the shorter side as far as the achievement of benefits is concerned.

Study of Srinivasan, Bajaj and Bhanot (2016) elaborated the concept bit further and investigated the impact of social media marketing upon micro, small and medium-sized firms and indicated that social media marketing is helpful for firms included in Micro Small and Medium Enterprises (MSMEs). Study further highlighted that social media marketing is not only prevalent in acquiring customers but also aids MSMEs in retaining customers and enhancing their market share.

RESEARCH METHODOLOGY

The research follows the “Epistemology” as the philosophy of research because the major purpose of writing this paper is to merge available knowledge associated with “E-Marketing” and “Sales of SMEs” thus the most suitable philosophy of research is “Epistemology” and the philosophical stance which is most appropriate to indulge is “Realism”. As mentioned earlier the study is based upon the merging of available knowledge in order to create a new stream of knowledge thus “Realism” suits best as the philosophical stance. In order to precede further “Deductive” method of research has been used and the type of investigation was “Corelational”.

As per indications of Dlodlo and Mafini (2014); Njau and Karugu (2014) and Sheikh, Shahzad & Ku (2017), a closed-ended questionnaire was adopted in order to collect data from top-level executives of SMEs operating in Karachi. Software Packs for Social Sciences (SPSS) was used to analyze the results. By taking "Cross-Sectional” time horizon and "Moderate Level" of "Researcher's Interference" the results of the data collected were analyzed to associate the impact of E-Marketing on the Sales of SMEs.
SAMPLING DESIGN

Sampling Design is a method which reveals the method behind the selection of responses and cases for the purpose of analysis (Mugenda & Mugenda, 2003) and sample for study must also be linked with study objectives and must aid in decreasing time as well as monetary cost associated with research (Leedy & Ormrod, 2005). Thus, for this study, a consideration was made with the prior research associated with the use of E-Marketing on the performance of SMEs i.e. Dlodlo and Mafini (2014), which highlighted the Non-Probability Sampling method for the selection of respondents and also clarifies the criteria for the selection of respondents. Hence through these criterions, the use of ‘Judgmental Sampling’ was predicted.

Furthermore, another research of same discipline conducted by Njau and Karugu (2014) revealed that for smaller population selection of at least thirty respondents is appropriate for data analysis. Research also uses SPSS (Software Packs for Social Sciences) in order to evaluate results and thus by considering all the guidelines the sample of 217 has been selected from the entrepreneurs as well as top-level executives of SMEs (excluding Micro-Sized Firms) operating in Karachi.

STATISTICAL TESTING AND ANALYSIS

Initially, the reliability of the construct was analyzed by evaluating the reliability of all the variables potent for research by applying Cronbach Alpha through SPSS and results can be seen in Table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Reliability</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of SMEs</td>
<td>0.807</td>
<td>5</td>
</tr>
<tr>
<td>Use of E-Marketing</td>
<td>0.815</td>
<td>5</td>
</tr>
<tr>
<td>Intelligence Gathering</td>
<td>0.830</td>
<td>5</td>
</tr>
</tbody>
</table>

Analysis: The value of reliability for each variable highlighted is reliable enough for further statistical testing and determination of results. These understanding became valid through the study of Sharma (2016) which revealed that value of more than 80% for Cronbach Alpha is treated as good for medical, dental and paramedical students, though we are not conducting research in the field of medicine but in order to enhance reliability, the reference of the paper was taken and through 80% reliability of alpha we believe that it is optimal for further statistical testing.

Hayes Model was placed in order to determine the impact of independent and moderating variable properly through SPSS.
Process Procedure for SPSS Release 2.16.3
Model = 1
Y = Sales of
X = Use of E
M = Intellig
Sample size
217
Outcome: Sales of Model Summary
R  R-sq  MSE  F  df1  df2  p
.9441 .8914 .0939 582.4813 3.0000 213.0000 .0000
Model coeff Se  t  p  LLCI  ULCI
consultant .2610 .004 1.3027 .1941 -.1339 .6560
Intellig .2717 .0802 3.3875 .0008 .1136 .4297
Use-of-E .6533 .0755 8.6522 .000 .5044 .8021
Int-l .0030 .0173 .1732 .8627 -.0310 .0370
Product terms key:
Int-l Use-of-E X Intellig
R-square increase due to interaction(s):
R2-chng  F  df1  df2  p
Int-l .0000 .0300 1.0000 213.0000 .8627
Conditional effect of X on Y at values of the modernator(s):
Intellig Effect se  t  p  LLCI  ULCI
2.8511 .6618 .0512 12.9195 .0000 .5608 .7628
3.7677 .6645 .0516 12.8777 .0000 .5628 .7662
4.6844 .6673 .0566 11.7917 .0000 .5557 .7788
Values for quantitative moderators are the mean and plus/minus one SD from the mean.
Values for dichotomous moderators are the two values of the modernator.

ANALYSIS NOTES AND WARNINGS
Level of confidence for all confidence intervals in output:
95.00
-----END MATRIX-----

DATA ANALYSIS
The research analysis revealed that the variables linked with the study predict the dependent variable sufficiently and data collected does not have multicollinearity and is appropriate enough for inferential analysis. Moreover, the large f value also indicates that the model fit but as "f Value"
is always used in associated with p-value" in order to determine the impact of variables. Therefore, on the basis of the above values, it is clear that the model is "Valid or Fit" for conducting research and use of E-Marketing is also significant for the sales of SMEs. However, the use of moderation i.e. "Intelligence Gathering" does create an impact on the result. Thus, on the basis of the achieved results, it has been indicated that use of E-Marketing efforts creates a positive impact on the sales of SMEs operating in Karachi, though there is no moderating impact of intelligence gathering on the sales of SMEs.

DISCUSSION & RESULTS

The statistical analysis revealed that e-Marketing efforts are significantly important for the enhancement of sales for SMEs, and SMEs must focus upon E-Marketing in order to generate more revenue. Nonetheless, the use of intelligence gathering does not aid in the result optimization and there are several reasons for that including: (a) Entrepreneurs might not know the role of information gathering as SME’s majority owners have age bracket from the late forties till early sixties and hence, they have lesser knowledge associated with information technology, (b) entrepreneurs are also hesitant in taking full use of information technology in order to avoid customer loss. Thus, they might not be inclined towards the collection of demographic and personal data associated with customers, (c) entrepreneurs might not have found appropriate to disclose their data gathering techniques to researchers as the SMEs are in intense competition and revealing information regarding business intelligence might affect their business.

AREA FOR FUTURE RESEARCH

The research conducted did not focus upon Micro-sized firms, thus a future study can easily compare and contrast the benefits of E-Marketing efforts on Micro, Small and Medium Sized Firms in Karachi which is providing sixty-five percent contribution to the total revenue of Pakistan (Tariq, 2015). Furthermore, this research has been based on the data collected from Karachi only. Thus, conducting research in other location might provide an extension to learning through comparison of SME performances in different regions. Furthermore, the inclusion of the fear associated with the use of E-Marketing by SMEs as a new moderating variable might also optimize results and knowledge.

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