SMALL AND MEDIUM ENTERPRISES AND UTILIZATION OF E-MARKETING APPLICATION IN SOUTH EASTERN STATES OF NIGERIA

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Abstract

The study was carried out to determine small and medium enterprises and utilization of e-marketing application in South Eastern States of Nigeria. One research question guided the study. Two null hypotheses were tested at 0.05 level of significance. Survey research design was adopted for the study. The population of the study consisted of 1,846 SMEs (owners/managers) in the area. A sample of 1,473 SMEs managers were randomly selected using stratified random sampling. A structured questionnaire was used for data collection. Mean and standard deviation were used to answer the research questions. Z-test was used to test the null hypotheses. Finding of the study indicated that SMES in South Eastern Nigeria utilize e-marketing software in their operations to a low extent. The results also showed that there was a significant difference in the mean ratings of SMEs managers on the extent they utilize e-marketing software in their business operations based on years of experience. Based on the findings of the study, it was recommended among others that provision should be made for training and re-training of SME managers on the use of information and communication technology (ICTs) tools for proper e-marketing adaptation.

Keywords: E-marketing, small and medium scale enterprises and e-marketing software.

Introduction

Small and Medium Enterprises (SMEs) are increasingly recognized as important drivers of socio-economic development all over the world (Kazungu, Ndige Mchopa, & Moshi, 2014). Their importance can be viewed in aspects such as productivity, innovation and employment creation, income generation and distribution, poverty alleviation, training, including labour absorption, ground for the development and upgrading entrepreneurship skills, and are important vehicles for promoting forward and backward linkages in geographically and economically diverse sectors of the economy in many countries. This makes them the backbone of global economic growth (Gupta & Khanka, 2008). Following the relevance of SMEs as expressed by authors cited earlier, SMEs can enhance the productivity of their enterprises, promotes a vibrant economy and compete on a global scale if they effectively utilize electronic-marketing applications.

Organizations in Nigeria commenced adoption of e-marketing in the 1990s, when Nigeria linked to the internet (Adekeye, 2007). By the late 1990s, a lot of organizations have started to adopt some form of e-marketing such as the use of e-mail and e-payment. However, the use of e-marketing in the 1990s was mostly by large organization, financial institutions and publishing houses. It was until the early 2000 that small and medium scale enterprises started adopting e-marketing (Ibene & Obi, 2001). Electronic marketing is an interactive digital technology which is used to administer and control on-line business of a firm (Gilmore & Gallagher, 2007). E-marketing has a significant positive impact on organizational performance (Maldeni & Jayasenne, 2008) and is vital to SMEs’ survival in the current information technology driven-economy. E-marketing generally provides new ways and opportunities for organizations to broaden their
knowledge and penetrate into both national and international marketing has become a household name among industries, both the multinational and SMEs (Forcht & Wex, 2006). Every SME needs to utilize e-marketing applications to enhance its performance.

The adoption and utilization of electronic marketing decision are made by the business owner and the manager. Successful companies that embrace internet technologies are often those whose owners take on the role as innovation champion. Small and medium scale enterprises owner should perceive e-marketing as an important function for their business (Ramsey, Ibbotson, Bell, & Gary, 2003). A number of factors influencing utilization of e-marketing have to do with male and female of different work experience. Kim, Lehto and Marrison (2007) affirmed that gender differences are noticed in information processing and decision making in terms of internet usage. In support of this, Wolin and Korgaonkar (2003) stated that male exhibits more positive attitudes towards innovation usage then female. Chacko and Harris (2005) affirmed that there is a growing need for SMEs in Nigeria to integrate into the global supply chain by adopting and utilizing e-marketing applications that will increase their productivity and efficiency. This is because productivity needs to be enhanced for profit to be maximized. Hence, the researcher was motivated to assess the extent of utilization of e-marketing applications by SMEs in South Eastern States of Nigeria in order to unravel where there is need for improvement.

Statement of the Problem

SME’s and e-marketing are simultaneously increasingly becoming part of the economies of both developing and developed countries. The adoption of e-marketing can positively influence business profitability (Matikiti, Afolabi & Smith, 2012). It plays an important role in innovation, advancement and sustainable development worldwide and thus SMEs who are keen in adopting e-marketing have achieved above average business. It is evident that small business failure can result from either a lack of marketing, or poor marketing practice and substantial benefits (Awa, Nwibere & Inyang, 2010). Moreover, there is scant evidence of long-term strategic development of e-marketing technologies within SMEs that are already employing the systems especially among less developed countries. Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. This leaves them to be more vulnerable to competitive threat. Whereas many studies have looked at the determinants of internet adoption by SMEs and factors affecting SME growth including marketing separately, this study therefore is focusing at small and medium enterprises and e-marketing in South Eastern States of Nigeria.

Purpose of the Study

The major purpose of the study was to determine the utilization of e-marketing applications by SMEs in South Eastern States of Nigeria. Specifically, the study sought to determine the extent to which the SMEs utilize:

1. e-marketing software in their operations.

Research Questions

The following research question guided the study:

1. To what extent do SMEs utilize e-marketing software in their operations?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

1. There is no significant difference in the mean rating of the SME managers on extent of utilization of e-marketing software in their operations according to years of experience.

2. Male and female SME managers do not differ significantly in their mean ratings on the extent of utilization of e-marketing software in their operations.
Review of Related Literature

**E-Marketing**

E-marketing is the process of marketing a brand using the internet (Salehi, 2012), it encompasses all the activities a business conducts through the Worldwide Web (WWW) with the aim of attracting new business, retaining current business and developing its brand identity (Teo & Pain, 2005). The term e-marketing, internet marketing, and online marketing are frequently interchanged and can be considered synonymous. Electronic marketing refers to a set of powerful tools and methodologies used for promoting products and services through the internet. E-marketing is ideal for SMEs as it focuses on drawing the attention of customers (Bakeman & Hanson, 2012). Thus, e-marketing fosters drawing customers towards SMEs, as deeper audience engagement is possible. In other parts of the world, SMEs have been slower to adopt e-marketing as a distributive channel. The e-marketing strategy variables can be used to create brand awareness, promote offers, provide information, and provide interaction opportunities with consumers and a means to engage with customers (Bakeman & Hanson, 2012).

Electronic marketing is one of the rapidly growing forms of digital marketing in many developed economies. E-marketing is essentially any marketing activity that is conducted online through the use of internet technologies (Strauss & Frost, 2009). E-Marketing can be viewed as a modern business practice associated with buying and selling goods, services, information and ideas via the internet and other electronic means. It comprises not only advertising that is shown on websites, but also other kinds of online activities like email and social networking (Chaffey, 2007). Every aspect of internet marketing is digital, meaning that it is electronic information that is transmitted on a computer or similar device, though naturally it can tie in with traditional offline advertising and sales too. E-marketing is computerized marketing events and activities which include: e-commerce, e-invoicing, e-advertising, e-purchasing and marketing software done electronically without any paper and marketing software done electronically without any paper and pen documentation (Zillman, 2005). This study focused on the extent of utilization of e-marketing software applications by SMEs.

Without the utilization of e-marketing applications, it will be very difficult for SMEs in Nigeria to compete in the global market economy. Adoption of e-marketing by small business enterprise can change both the shape and nature of its business all over the world. Because the increase usage of the Internet and other electronic marketing channels in electronic transactions might create not only a lot of opportunists for small business enterprises but also can eliminate a lot of its threats. E-marketing has a significant impact on SMEs operations and is crucial for their survival and growth (Berisha-Namani, 2009). Chibelushi, (2008) also asserted that e-marketing provides opportunities for business transformation. Electronic marketing is an important driver in SMEs operation and if not utilized in the present era of globalization, it can lead to low productivity and high mortality rate of SMEs in Nigeria. In the present knowledge-based economy, it is important for SMEs to utilize processes that will enable them to provide goods and services with a competitive advantage. However, it seems that SMEs in Nigeria which from large part of the economy are yet to reap these benefits. This is because the SMEs seem unable to utilize the new technology of accessing and utilizing e-marketing opportunities that will increase their productivity, growth and business linkages and reduce their high rate of mortality.

**Small and Medium Enterprises (SMEs)**

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty. Sauser (2005) affirmed that small and medium scale businesses are driving force for economic growth, job creation and poverty reduction in developing countries and the means through which accelerated economic growth and rapid industrialization has been achieved. The central bank of Nigeria (2006) in its credit guidelines classified small scale business as a business with an annual income/asset of less half a million naira (N500, 000). Furthermore, the federal government small scale industry development plan 1998 defined a small scale business in Nigeria as any manufacturing process or service industry with a capital not exceeding N 150,00 in manufacturing and equipment alone.

The small scale industries Association of Nigeria (2008) defined small scale business as one having investment (i.e. capital, land, building and equipment of up to (pre- SAP Value) including (2005) defined it as an enterprise that cost not centre for Management Development (2002) defined small scale industry as, a manufacturing, processing, or servicing
industry involved in production, and employing up to 50 full-time workers. In the United states, the small Business Administration (2012) define a small business as one that is independently owned and operated, is not dominant in its field, and meets employment or sales standard developed by the agency. In every economy, the SMEs are recognized as the most reliable vehicle of socio-economic growth. The impact of SMEs on any economy according to Alade (2004) is so great that no country can move forward economically and industrially without a strong SMEs sub-sector.

One of the major marketing problems facing small business enterprises in Nigeria is lack of usage of e-marketing applications (Barclays, 2003). Most Nigerian small business owners equate ‘marketing’ to selling and this is reflected in their various dysfunctional business behavior against customer satisfaction and business orientation. They lack the knowledge and skills of basic marketing such as marketing research, market segmentation and market planning and control, which result to poor quality products, unawareness of competition, poor promotion, poor distribution, and poor pricing methods. They are also not marketing and market-focused. Baker (2012) identified lack of e-marketing orientation and utilization as the major factor for small business failure. Most Nigerian small manufacturer, to a high extend, depend on imported equipment and raw materials for their operations. With the over-devaluation naira, vis-à-vis other foreign currencies, they are not finding it easier to secure these items abroad. They therefore resort to poor locally produced alternatives. The result is usually poor quality products. This may be one of the factors responsible for Nigerian consumers’ unquenching appetite for imported goods, even though many of these foreign goods are equally of poor quality especially those coming from Asian and far East countries.

The internet could offer SMEs real business benefits and opportunities to improve efficiency, reduce costs and increase productivity and profits (Levy, Powell & Worrall, 2005). The DTI (2007) survey shows how SMEs can utilize the internet to improve their business through the use of e-mail and web. E-mail offers a fast, inexpensive way of SMEs to communicate both internally and externally. SMEs can send e-mail to numerous people simultaneously, and location is never a barrier. The use of web gives small and medium enterprises access to business information and it allows SMEs to promote and sell their products and services to the global audience. Customers can browse through small and medium enterprises catalogue, e-mail enquiries, and place orders online. It is a real opportunity for small and medium enterprises to compete in a global market as it offers low operating cost, the ability to do business round the clock and the chance to foster better customer relationship.

**E-Marketing Software**

Software are written programs, procedures, rules and associated documentation pertaining to the operation of a computer system that are stored in read/write memory (Kilby & Turner, 2003). Software is an application that makes easy to manage marketing programs, maintain collateral and track customers references (Lawal, 2010). Lawal further listed the benefits of software applications to SMEs to include:

- Keep co-workers, vendors and contractors on the same page. The software helps in keeping marketing team on the same page, whether they are across the hall or around the globe.
- Tracking spreadsheet on the web that can be shared with co-workers, integrated with tools like document management, e-mail notification, calendars among others.
- A few clicks and it is done, no need to borden the overworked IT department for help and no week-long turnaround times. It makes it easy to get work done fast.

**Methodology**

The design of the study was a descriptive survey design because it involved gathering opinions from managers of SMEs in South Eastern States of Nigeria on their extent of utilization of e-marketing applications. The study was carried out in the South Eastern geo-political zone of Nigeria. The population of the study consisted of 1,849 owners/managers of SMEs in South Eastern Nigeria that have their businesses registered with the National Association of Small and Medium Scale Enterprises (NASME, 2013). A sample of 1,473 respondents was selected using stratified random sampling techniques based on the States. The instrument used for data collection was a structured questionnaire which was constructed on a 5-point rating scale with response options of Very High Extent (VHE), High Extent (HE), Undecided (UD), Low Extent (LE) and Very Low Extent (VLE) to which values 5, 4, 3, 2 and 1 respectively were assigned for all the items in the sections.
The face and content validation of the instrument was done by three experts selected from different departments and fields. The observations and suggestions of the experts were put into consideration in the final draft of the instrument. To determine the internal consistency of the instrument, a reliability estimate test was conducted by administering copies of the instrument to 20 managers of SMEs in Port-Harcourt, Rivers State. Their responses were collected and data analyzed using Cronbach Alpha. A coefficient of 0.96 was obtained which is considered reliable for the study. The data for the study was collected through direct contact approach. Out of 1,473 copies of the questionnaires distributed, 1,445 were returned. The arithmetic mean and standard deviation were used to analyze data in respect of the research questions. Z-test was used to test the hypotheses at 0.05 level of significance. A null hypothesis was accepted at 0.05 level of significance when the calculated value of $z$ was equal to or less than the critical value of $z$; otherwise, the null hypothesis was rejected.

Results

**Research Question 1**

To what extent do SMEs utilize e-marketing software in their operations? The analysis in respect of the research question 1 is shown on Table 1.

<table>
<thead>
<tr>
<th>S/NO</th>
<th>e-marketing software</th>
<th>Mean</th>
<th>SD</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Advanced e-mail locator</td>
<td>2.35</td>
<td>.48</td>
<td>Low Extent</td>
</tr>
<tr>
<td>2.</td>
<td>Anconia Rocket Sales</td>
<td>2.31</td>
<td>.42</td>
<td>Low Extent</td>
</tr>
<tr>
<td>3.</td>
<td>Atomic Mail Sender</td>
<td>2.35</td>
<td>.47</td>
<td>Low Extent</td>
</tr>
<tr>
<td>4.</td>
<td>Bmail</td>
<td>2.33</td>
<td>.45</td>
<td>Low Extent</td>
</tr>
<tr>
<td>5.</td>
<td>Broade@st HTML</td>
<td>2.32</td>
<td>.43</td>
<td>Low Extent</td>
</tr>
<tr>
<td>6.</td>
<td>Campaign enterprise</td>
<td>2.31</td>
<td>.42</td>
<td>Low Extent</td>
</tr>
<tr>
<td>7.</td>
<td>Dynamic call Communicator</td>
<td>2.29</td>
<td>.40</td>
<td>Low Extent</td>
</tr>
<tr>
<td>8.</td>
<td>e-campaign</td>
<td>2.32</td>
<td>.43</td>
<td>Low Extent</td>
</tr>
<tr>
<td>9.</td>
<td>EB mailer</td>
<td>2.30</td>
<td>.41</td>
<td>Low Extent</td>
</tr>
<tr>
<td>10.</td>
<td>Email unlimited</td>
<td>2.30</td>
<td>.41</td>
<td>Low Extent</td>
</tr>
<tr>
<td>11.</td>
<td>eNill</td>
<td>2.30</td>
<td>.41</td>
<td>Low Extent</td>
</tr>
<tr>
<td>12.</td>
<td>Extractor pro</td>
<td>2.30</td>
<td>.41</td>
<td>Low Extent</td>
</tr>
<tr>
<td>13.</td>
<td>G-lock masyMail professional</td>
<td>2.28</td>
<td>.39</td>
<td>Low Extent</td>
</tr>
<tr>
<td>15.</td>
<td>Group mail business</td>
<td>2.27</td>
<td>.38</td>
<td>Low Extent</td>
</tr>
<tr>
<td>16.</td>
<td>Group mail free</td>
<td>2.28</td>
<td>.39</td>
<td>Low Extent</td>
</tr>
<tr>
<td>17.</td>
<td>King mailer</td>
<td>2.28</td>
<td>.39</td>
<td>Low Extent</td>
</tr>
<tr>
<td>18.</td>
<td>Litemail</td>
<td>2.30</td>
<td>.41</td>
<td>Low Extent</td>
</tr>
<tr>
<td>19.</td>
<td>Mach5mailer</td>
<td>2.28</td>
<td>.39</td>
<td>Low Extent</td>
</tr>
<tr>
<td>20.</td>
<td>Mail Bomber</td>
<td>2.27</td>
<td>.38</td>
<td>Low Extent</td>
</tr>
<tr>
<td></td>
<td>Grand Mean</td>
<td>2.30</td>
<td></td>
<td>Low Extent</td>
</tr>
</tbody>
</table>

Data presented in Table 1 reveals that the mean scores of the respondents ranged from 2.26 to 2.35 with the grand mean mean score of 2.30. with the grand mean of 2.30, it implies that SMEs managers in South Eastern states utilize e-marketing software to a low extent in their operations.

**Hypothesis 1**

There is no significant difference in the mean rating of the SME managers on extent of utilization of e-marketing software in their operations according to years of experience.
Table 2: z-test of respondents’ mean ratings on the extent SMEs utilize e-marketing software in their operations based on their years of experience

<table>
<thead>
<tr>
<th>e-marketing software</th>
<th>N</th>
<th>$\bar{X}$</th>
<th>SD</th>
<th>df</th>
<th>z-cal</th>
<th>z-crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>725</td>
<td>2.38</td>
<td>.70</td>
<td>1443</td>
<td>7.23</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>6 years and above</td>
<td>720</td>
<td>2.40</td>
<td>.69</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 shows that at 0.05 level of significance and 1443 df the calculated $z$ 7.23 is greater than the critical $z$ 1.96. Therefore, the first null hypothesis is rejected, this implies that there is significant difference in the mean ratings of experienced and inexperienced SMEs managers on the extent they utilize e-marketing software in their operations.

**Hypothesis 2**

Male and female SME managers do not differ significantly in their mean ratings on the extent of utilization of e-marketing software in their operations.

Table 3: z-test of respondents’ mean ratings on the extent SMEs utilize e-marketing software in their operations based on gender

<table>
<thead>
<tr>
<th>e-marketing software</th>
<th>N</th>
<th>$\bar{X}$</th>
<th>SD</th>
<th>df</th>
<th>z-cal</th>
<th>z-crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>990</td>
<td>2.36</td>
<td>1.01</td>
<td>1443</td>
<td>5.22</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>Female</td>
<td>455</td>
<td>2.37</td>
<td>.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 reveals that at 0.05 level of significance and 1443 df the calculated $z$ 5.22 is greater than the critical $z$ 1.96. Therefore, the null hypothesis is rejected, this implies that there is significant difference in the mean ratings of male and female SMEs managers on the extent they utilize e-marketing software in their operations.

**Discussion of Findings**

The study revealed that SMES in South Eastern Nigeria utilize e-marketing software applications in their operations to a low extent. The grand mean of 2.30 implies that the number of respondent that utilize e-marketing software is low. This finding is in accord with Zulunga (2011) who noted that in most developing countries SMEs have not reaped the dividends of e-marketing software as a result of its low level of utilization. Testing of the first hypothesis reveals that there was a significant difference in the mean ratings of SMEs managers on extent of utilization of e-marketing software applications according to years of experience. Therefore, it followed that the null hypothesis was not accepted. Also, the testing of the second hypothesis revealed that male and female SMEs managers differ significantly in their mean ratings on the extent they utilize e-marketing software in their operations. Therefore, it followed that the null hypothesis is not accepted.

**Conclusion**

In the light of the findings of this study, the following conclusions were drawn: the extent of utilization of e-marketing software applications in South Eastern Nigeria is low. There was a significant difference between the mean ratings of SMEs managers on their utilization of e-marketing software as a result of years of experience and gender. Adoption of e-marketing by small business enterprise can change both the shape and nature of its business all over the world. Because the increase usage of the Internet and other electronic marketing channels in electronic transactions might create not only a lot of opportunists for small business enterprises but also can eliminate a lot of its threats.

**Recommendations**

Based on the findings of this study, the following recommendations are made:

1. Provision should be made for training and re-training of SME managers on the use of information and communication technology (ICTs) tools for proper e-marketing adaptation.
2. The federal government through Federal Ministry of Industries and Federal Inland Revenue should create a conducive business environment for SMEs to thrive. High cost of running business like powering private generating sets, multiple taxation and fear of insecurity especially in e-business transaction in Nigeria should be urgently addressed for SMEs to utilize e-marketing to a satisfactory extent.

References


