Chapter II

Review of Literature

2.1. Introduction

This chapter is the review of literature for the cognizance of concepts, opinions and findings of various researches vis-a-vis Small Business Enterprises, e-Marketing, Internet and necessary concepts related to India and Bhutan. The model for the present study has been created and the hypothesis has been laid down based on the literature review.

The chapter is divided into five sub parts. The first section deals with the literature of Small Business Enterprises. The second part is an elaborate study on e-marketing and the related concepts like Internet Marketing, Mobile Marketing, E-Commerce, and E-business.

2.2. Small Business Enterprises (SBEs)

Small Business holds a crucial role in any economy regardless of size, nature, demography or political state; but still defining SBEs is a difficult task as no standard definition is available. Many attempts have been made to define, and the following lines will try to examine the efforts made towards defining this simple term. For the purpose of this research, it is essential to define SBEs. The definition is one of the main elements of this study as it is critical for the research population on which the sample will be determined. The new technology has a dynamic and revolutionizing effect on the way business operates today.

Most of the definitions of SBEs are governed by the Small Business Act, MSME Act, or CSI Act of a given country. Peterson, Albaum, and Kozmetsky (1986), in the USA, define the Small Business Act and the Small Business Administration as the most widely used and practiced. According to this definition a small business is a business that is independently owned, operated and is not dominant in the field or operation (American Small Business Act, 2008).
Theng and Boon (1996) & Watson and Everette (1996) have concluded that the SBEs can have numerous definitions according to the local and national needs of each country. The following table captures some of the definitions adopted by a few major countries of the world.

In countries like Mexico and Turkey, the number of employees or workers is the criteria used to define a Small Business Enterprise (OECD, 2006 and Turkstat, 2006). In these countries the definition is primarily used for the statistical reasons. For Turkey the number of employees should be between 10 and 49 (Turkstat, 2006); and for Mexico definition states, “Any enterprise that employs 50 employees or a fewer” (OECD, 2006).

There have been many attempts to give a standard definition of SBEs by many researchers, while others have been involved in defining SBEs based on certain criteria or variables such as the number of employees, capital investment, annual sales, annual turnover, total balance sheet, value added by the SBE, and value of assets (fixed and variable assets) and ownership (El-Gohary, 2009).

<table>
<thead>
<tr>
<th>Table 2.1: Criteria for defining SBEs adapted by some countries</th>
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<tr>
<td><strong>Country</strong></td>
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<tr>
<td>UK and the European Union</td>
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<tr>
<td>United States of America</td>
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<tr>
<td>Egypt</td>
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<tr>
<td>Australia</td>
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<td>India</td>
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<td>Mexico</td>
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<td>Thailand</td>
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<td>Turkey</td>
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Source: El-Gohary et al (2008a)

Based on the above findings and literature, it can be concluded that the definition for the Small Business Enterprises is mainly dependent on the Act or rules
prevalent in a given country pertaining MSMEs or CSI. These definitions are designed based on the national or local needs and requirements. The present study being based on India and Bhutan, the definition adopted by the government has to be taken into consideration and hence, the definition of SBEs for the present research is given as follows:

### Table 2.2: Definition adopted for the present study

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of Employees</th>
<th>Criteria</th>
</tr>
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| India   | None            | • For Manufacturing sector: Min. INR 2.5 Million but not exceeding INR 50 Million  
|         |                 | • For service sector: Min INR 1 million to INR 20 Million                |
| Bhutan  | 5-19            | BTN 1 Million to BTN 10 million                                          |


Related with the above table (table 2.2), the definition of SBEs adopted for this study is the definition adopted by the governments of respective countries that is India and Bhutan. In other words, the definition for Indian SBEs is “Any production or manufacturing Business Organisation of which investment is between INR 25 Lakh to INR 5 Crores and any trading or service business organization of which investment is between INR 10 lakh to INR 1 crore, is called Small Business Enterprises in India”. For Bhutanese SBEs’ definition is, “Any Manufacturing, production, trading and service business enterprise which has investment between BTN 10 lakhs to BTN 1 crore, is called Small Business Enterprises in Bhutan”. In this definition BTN stands for Bhutan Ngultrum (BTN) and INR for Indian Rupee (INR).

### 2.2.1 Importance of Small Business Enterprises

SBEs are socially and economically important since they have contributed significantly to provide possibilities for employment, innovation, self-fulfillment and economic growth. It is distressing to find that not much is known about the activities of these terms in most countries (especially developing and under developed countries). According to El-Gohary (2009) the main reasons to these problems are:
SBEs do not receive the same kind of attention as large companies do in most countries.

The limited Sources of SBEs (financial, Managerial, human and information resources) seem to restrict and decrease the number of success stories for these firms, this reduces the interest on research.

The importance of SBEs, Nevertheless, is now recognized by a reasonable number of countries because of their role in economic development and growth. For example, micro, small, and medium sized enterprises represent 99% of all the enterprises in the EU and provide around 65 million jobs and contribute to entrepreneurship and innovation in the EU.

As it is evident, SBEs is a reflection of their ability to create wealth and is based on their role as job providers. They bear the responsibility of employment in the private sector all over the world. As a result, the development of small enterprises has been regarded as an important factor for the achievement of developmental objectives such as: poverty alleviation, economic development and promotion of more democratic societies. In India, a separate Ministry i.e. Ministry of Micro, Small and Medium Enterprises is formed under the Union Government of India to take up important steps for the promotion of MSMEs, Many agencies are established through MSME Act for the preservation, promotion, and growth of MSMEs (Ministry of MSME, 2014). A few states have a separate department or ministry under the state cabinet of ministers.

In Bhutan, MSME are known as CSI, a specialized attention has been given to them through Department of Cottage and Small Industries under the Ministry of Economic Affairs, along with the presence of government and non-governmental agencies (Khan and Syed, 2015).

2.3. Small Business and E-Marketing: In the light of Literatures

It is evident that SBEs have a number of characteristics that are not shared with large business such as lower levels of division of labour, being independently owned, close control exercise by owners, financially dependent on the capital of
owners, critical decisions generally made by the owners and most importantly, limited access to different types of resources. As a result of this lack of different types of resources, SBE’s are less likely to embrace fully E-marketing when compared to larger enterprises, although some SBEs in India as well as Bhutan are expected to counter this trend. The following literature on E-marketing within SBEs may delineate light on the adoption phenomenon of E-Marketing and can help to determine the gaps within the literature which in turn will guide researchers and scholars within the field towards filling these research gaps.

El-Gohary (2006) researched and investigated a wide range of areas in E-marketing such as: Internet-Marketing/ E-mail marketing/ Intranet marketing/ SMS Marketing/Extranet Marketing. He noted that the literature in Internet Marketing (IM) covers five main areas, namely: Internet marketing environment, IM functions, IM applications and IM research. Based on these investigations he illustrated the relationship through a model given below as figure 2-1.

**Figure 2.1: The Literature of e-marketing in SBEs**

![Figure 2.1: The Literature of e-marketing in SBEs](source: El-Gohary 2006)

As the figure suggests, the internet is found to be a facilitator to the entire E’s covered under the definition of E-Marketing. Henceforth, the role and development of Internet cannot be ignored and has to be discussed separately in order to achieve effectiveness of this study.
2.3.1 The Internet: A Major component of E-Marketing

The Internet is one of the major components of E-Marketing. In the last two decades the Internet changed the nature and characteristics of the media and communication world in a very unique way that had never happened before. The Internet has transformed Marshall McLuhan (1911-1980) expression "Global Village" (McLuhan, 2009) into reality. Within a few years, the Internet has gained an enormous recognition that has changed and restructured the way the business has been conducted and the way the communications have been done. The Internet, like no other means, has set a global dimension to the business world and has become a unique universal source of information.

Currently, with low investments, SBEs owners can potentially have a web site or a web page and can reach directly a large number of markets both fast and economically. Moreover, with low investments almost any person who can read and write can have access to the World Wide Web. Nowadays, millions of people are connected to the Internet to get the latest news from around the world, search for information and purchase goods. In sequel, the nature of business in all countries is changing fast and dramatically. On the flip side, there are some problems associated with the dynamics of this new interactive media such as, security and privacy issues, technological problems, lack of trust, and lack of face to face communications. Regardless of such problems, unquestionably the Internet and electronic communication are changing rapidly traditional marketing practices and techniques (Hoffman and Novak, 1997, 1996; Kiani, 1999 and Quelch and Klein 1996) providing E-Marketing with the chance to have a considerable impact on customers and business market behaviours.

2.3.1.1 History and Growth of Internet

From a marketing perspective, the Internet can be defined as “an enabling technology and a powerful set of tools that can be used, wisely or unwisely, in almost any industry and as part of almost any strategy” (Porter, 2001; P: 64). The word means a “network of networks”. Therefore, the Internet can be considered as
a global network of interconnected computers and servers operating by a standard protocol, or as a worldwide system of interconnected networks and computers, which allow data to be transferred between the different nodes of this network (The Internet Society - IS, 2009).

The first known explanation of social communications conducted through networking was a series of memos written by J.C.R. Licklider of MIT in August 1962 discussing his "Galactic Network" concept (Leiner et al, 2006). However, the beginning of the Internet goes back to the late 1960’s and early 1970’s when the United States Defence Department established the ARPA Network (the Advanced Research Project Agency net) to link a variety of military and research institutions within the USA (The Internet Society, 2009). Albeit the first users of the Internet were mainly governmental departments or university researchers, starting from the early 1990s, the Internet was opened up to other groups of public including individuals and companies later (Hamill and Gregory, 1997). This period was known as the: text-based era because the Internet participants were depending on a text interfaces.

Since 1993 the Internet has grown in a tremendous way. Every day the number of people using the Internet is increasing in a dramatic way creating new opportunities for its users and turning the world into a global village. Within this context, the number of Internet users increased from 16 million (with a percentage of 0.4 % of the world population) in December 1995 to 1,650 million (with a percentage of 24.2 % of the world population) in June 2009 (Internet World Stats, 2009c) to 3345.83 million with a total internet penetration of 46.1% of the world’s population in November, 2015 with 1611 million alone in Asia (Internet World State, 2015). Today, Internet users include individuals, companies, governments, universities, and researchers. However, with this increasing use, there is also augmenting potential for SBEs to communicate with their target audience and build productive relationships that will enhance their business.
2.3.1.2 The Internet and Marketing

The Internet has not only changed the way businesses interact and deal with their customers and clients but it has also changed the ways of conducting business. Within this context, marketing activities on the Internet are no longer limited to the use of plain text messages.

Barthon et al., (1996) suggest that most recent developments of the Internet and the WWW allow full multimedia interactive animations to carry out marketing activities on the Internet almost instantly and offer great potential for direct marketing and early stage marketing.

Gogan (1997) found that the users, while using the websites, are able to get involved in various activities, for the field of marketing he states that the WWW allows interactive marketing because the user is actively involved in responding to vendors’ promotion campaigns. He adds that this interactivity is not usually found in traditional marketing techniques that use broadcast and print media. The same idea is agreed by Poon and Jevons (1997). On the other hand, the use of Internet for commercial communications such as sharing business information, maintaining business relationships and conducting business transactions plays a very important role in today’s marketing practices. Internet marketing applications can be classified according to three dimensions: government, business, and consumer Coppel (2002). These applications are illustrated in the following figure:-
In other words the Internet offers the possibility for SBEs to communicate and conduct business at a number of different levels. The companies in developing and developed countries have opportunities to do business and enhance their marketing techniques.

The degree of information and computer technology adoption of both customers and suppliers has inevitably impacted and perhaps even exerted pressure upon SBEs when deciding whether to adopt E-Marketing activities or not. However, the researchers (Standing and Stockdale 2003; Mehrtens, Cragg and Mills 2001) indicate that pressure is more likely to come from customers than from suppliers. Resulting from competitions and industry forces, it is seen that a considerable number of SBEs have adopted E-Marketing activities. This can be seen as a start of the journey and the different factors that might have an impact on the adoption of E-Marketing by SBEs. They are to be investigated in context of different countries. The investigations have been conducted so far for the developed and developing countries like Egypt, UK and Australia (El-Gohary, 2009; El-Gohary, 2006; Ng (2005). The significant point to note here is that the countries studied so far have a comparatively very small domestic market than India and they are even more developed than Bhutan.

### Figure 2.2: The Internet Applications

<table>
<thead>
<tr>
<th>Government</th>
<th>Business</th>
<th>Consumer</th>
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</thead>
<tbody>
<tr>
<td>Government</td>
<td>G2G e.g. Coordination</td>
<td>G2B e.g. Information</td>
</tr>
<tr>
<td>Business</td>
<td>B2G e.g. e-procurement</td>
<td>B2B e.g. e-commerce, e-market</td>
</tr>
<tr>
<td>Consumer</td>
<td>C2G e.g. Tax compliance</td>
<td>C2B e.g. price comparison, e-market</td>
</tr>
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</table>

*Source: Coppel (2000).*
2.4. E-Marketing Concept and Tools

The concept of E-marketing as defined by Strauss and Frost (2001) can be illustrated by the following figure (figure 2-5)

**Figure 2.3: E-marketing concept**

![E-Marketing Diagram]

Source: Definition adopted from Strauss and Frost (2001)

As illustrated above, there are five E-marketing tools namely, Internet Marketing, Intranet Marketing, E-mail Marketing, Extranet Marketing, and Mobile marketing. The literatures and the definitions of each of these tools are discussed below

2.4.1. Mobile Marketing

Juena and Mirz (2008) conducted a study to investigate the utilization of mobile advertising in B2C marketing. They considered E-Marketing as a part of Mobile Commerce instead of considering mobile advertising as an element of it, Mobile marketing is a recent form of E-marketing based on the extravagant growth in mobile technology (specially growing in developing countries like India and Bhutan). According to Norcross (2008) Mobile Marketing is, “The systematic planning, implementing and control of a mix of business activities intended to bring together buyer and seller for the mutually advantageous exchange or transfer of products where the primary point of contact with the customer is via their mobile device”. Based on the previous definition Mobile marketing can be conducted through: SMS (Short Messaging Service), MMS (Multimedia
Messaging Service), WAP (Wireless Application Protocol) banner advertisements, Mobile TV and Bluetooth. In recent years, the Smart phone based applications are getting used as a mobile marketing tool.

According to Taylor and Okazaki (2008), Mobile Marketing is becoming interesting to the companies to promote their products and services. Thus, personal nature of the mobile phone accelerated the usage rate of SMS and MMS as marketing channel.

Mobile phones and text messaging has become an increasingly used business tool. Text message enables the information to be sent to groups of customers quickly and conveniently in much the same way as email, making it an increased popular e-Marketing Channel. Moreover, the development and growth of the third Generation, (3G) mobile phones have led to superior connection speed which is even expected to get better with 4G which has been launched recently. The Wi-Fi Connections and increase of mobile internet browsing by users all over the world have created a scope for the marketers to use this facility in a far positive and effective way. Customers have better quality today Mobile phones have improved high quality mobile networks and a very good price plan (El-Gohary, 2009). These elements completely provide a very good base for the use of mobile phone as a tool for conducting marketing activities. According to the predictions by eMA (2009), the US mobile advertising spending would be increasing 3.3 billion in 2013.

As stated in El-Gohary (2009) SMS marketing is one of the main elements of Mobile marketing. The Advantages associated with this method are:

- The nature of Mobile Phone as a means of communication, which is personal, makes SMS a powerful marketing tool.
- The customers of the company carry mobile phones giving SMS marketing and the chances are very effective for marketing messages.
SMS marketing provides companies with the ability to use text and photo marketing messages that are considered to be junk mail. As for example, SPAM or even advertisements can be ignored.

As maintained by the American E-marketing Association-eMA (2009b) almost three quarters of the World’s digital messages (74%) were sent through mobile devices in January 2009, with a 15% increase over the previous year (2008) which was distinctive to 59%.

Persaud and Azhar (2012) investigated consumers’ willingness to accept marketing through their smart phones. They collected data by self-administered web-based surveys of 428 respondents from Canada. The survey contained questions about respondents’ mobile phone usage behavior and their perceptions of, and intention to, participate in mobile marketing. The results indicated that consumers’ shopping style, brand trust, and value are key motivations for engaging in mobile marketing through their smart phones.

Jasasphaic and Duman (2014) state that Mobile marketing is becoming more popular to the marketers whose aim is definitely to promote their goods and services to the consumers. In this empirical study they concluded that mobile marketing is an optimal idea and it certainly eases the need for products and services but the problem is that many people are still unaware of the potential of marketing via mobile devices.

According to Internet and Mobile Association of India (IAMAI, 2015), India is the 3rd largest Smart Phone market in the world with 314 Million Mobile Internet Users.

Analysing the above literatures and facts, a few important points can be taken for the present study. The definition of mobile marketing includes the marketing activities through SMS, MMS, WAP application protocol Banner Ads, Mobile TV, and Bluetooth. These SMS and MMS, are felicitated through the modern social media applications. The mobile marketing is proven to be very
instrumental in conducting the marketing activities in the present scenario. With increased number of users using smart phones and the smart phone apps, the utility of mobile marketing is gaining even more potential. The question raised by many researchers is on the awareness level of the enterprises with regard to the usability and utilization of the mobile E-marketing. The initial literatures have more orientation towards B2C level but the other literatures do not negate the use of mobile E-marketing in B2B and B2G level. One of the important areas of investigation can be the frequency of mobile marketing by the SBEs, as apparently the frequency is expected to be high because of the increasing penetration of smart phones among entrepreneurs.

2.4. 2. Internet marketing

Internet Marketing has always gained importance because of the great benefits associated with its usages in conducting marketing activities as well as its role as a marketing tool and distribution channel. The effectiveness of internet is inevitably appreciable. The following analyses of the literatures have been taken into account for the purpose of this study. The possibility of using the Internet as an instrument for conducting marketing commercial and business activities has been widely investigated and recognized in marketing literature. In the following literatures, the potentiality of the Internet as a marketing tool soar into the great benefits that any company, regardless of its size, can gain from using the Internet in conducting its marketing activities. Within this context, the adoption of the internet as a commercial intermediate and marketing tool has provided some companies with pioneering ways of marketing products in an intensively competitive environment. From marketing point of view internet has been the crucial element of study gaining more significance from various market thinkers and researchers.

Gogan (1997) discusses that the expected benefits for most companies include improving seller capabilities and ameliorating customer service and relationship. Ghosh (1998) illustrates that the Internet can widen markets, increase efficiencies and lower costs by bringing companies and customers together.
Brezai (2000) argues that companies have been forced to consider the internet as a business and marketing tool in response to growth in customers’ usage of the internet for almost every day activities. The internet as a marketing tool has advanced to the great benefit that SBEs can gain from using the internet in conducting marketing activities. Within this context, the adoption of the internet as a marketing intermediary and as a tool has provided companies with the ground breaking innovative and revolutionary ways of marketing their products in an intensively competitive environment. Berezai (2000) adds that companies have been forced to consider the internet as a business and marketing tool as a result of growth in customers’ usage of the internet for almost every day activity as well as a shopping channel. SBEs can have leverage on this front by dealing with larger companies that may be suppliers or customers.

According to Panazoglou and Tsagatidou (2000) Internet Marketing involves more than simple online transaction. They argue that Internet Marketing facilitates activities such as market research, identify opportunities and partners, cultivation of relationship with customers and suppliers, documents exchanges and providing a facility for joint design.

For Skinner (2000), research can be considered as a major breakthrough in this field. He reasons that the internet can establish a direct link among companies and customers to complete transactions or trade information more easily and let it avoid other parties in its value chain through selling directly to customers, helps the business to develop and deliver new products and services for current and prospective customers; and finally allows companies to use the internet to become the main leader in a specific industry or segment and sets new business rules.

Eid (2003) defines Internet marketing as “use of Internet to achieve marketing objectives and support marketing activities”. According to Chaffey (2007) Internet Marketing is: “Achieving marketing Objectives through applying digital technologies of the internet”. According to eBusiness Connection (2008), Internet Marketing is: “The component of marketing that deals with the planning, pricing, promotion, and distribution of products and services online”. In addition, they
argue that good internet marketing strategies clearly communicate a firm’s unique selling proposition, or the unique collection of benefits that create value for its customers.

Greene (2009) demonstrates that the Internet provides a lot of benefits for any company in terms of marketing activities. According to him, the benefits Internet Marketing include low start-up costs, low operation costs, cheap and free resources, time freedom and high profit margin.

Epsilon (2009) states that Internet Marketing reimbursement includes a 24/7 presence as well as convenience, adds value and satisfaction, the ability to standardize sales performance, improves credibility, promotion of brick and mortar presence, growth of opportunity, two-way communicative marketing, cheap market research and flexibility.

The projection for the Internet Connections and internet users in India is given below:

**Figure 2.4 : Internet Projections in India**

- **India Internet connections 2013-17 (P)**
  - (In millions)

- **Internet users in India 2013-17(P)**
  - (in millions)

Source: IAMAI (2015)

2.4.2.1. Internet usage in Small Business Enterprises

A number of studies have been conducted on internet usage by SBEs. Within this context, the possibility of using internet as a tool for conducting marketing, commercial, and business activities has been widely investigated and recognized as
an E-Marketing literature out of which few important literatures are mentioned below:

Soh et al, (1997) find that the main problems facing the effective use of the internet are difficulty in locating the right information, a rising user cost, and issues related to security and data protection.

The benefits of the internet for SBEs, Poon and Swatman (1999) state that the internet has direct and indirect marketing benefits and grouped them into short and long term categories. They illustrate that the potential benefits of using the internet in conducting marketing activities with small businesses increase as they extend their Internet-to-internal application integration. Within this context the more Internet-to-internal application integration the small enterprise has the more the benefit they will gain from using the internet in conducting marketing activities. They argue that this Internet-to-Internal application can be classified into three main levels: Minimum, limited, and full Internet-to-Internal application.

**Figure 2.5: The Three stages of Internet-to-internal application systems integration**

![Diagram showing three stages of Internet-to-internal application systems integration](source: Poon and Swatman (1999))
Lancioni (2000) argues that continual growth of Internet usage has provided business (especially SBEs) with a lot of important opportunities for reducing costs and improving its services. This can be achieved through the unique characteristics of the Internet which allows enterprises to keep track of different customer preferences and enables them to adapt these preferences into enterprise marketing activities such as advertising and promotions to satisfy these preferences and needs. This in turn will lead to increasing marketing productivity through the linking of enterprise expenditures with its results. On the other hand, the use of the Internet for conducting marketing activities is associated with some problems. Panazoglou and Tsalgatidou (2000) observed that these problems include partial solutions for company needs, some rigid requirements, a limited interoperability, and most importantly insufficient trust and security as well as lack of integration with existing business models.

El-Gohary (2009), states that Internet Marketing is one of the most commonly used E-marketing tools among the United Kingdom and Egypt SBEs at B2B and B2C levels.

It can be inferred from the above literatures that the Internet marketing can be an effective technique for the marketing of the products. However, it is important to note that in the modern world defining Internet marketing has become more difficult with the presence of other E-marketing tools like E-mail, Intranet, Extranet and Mobile marketing, as they use the Internet platform for their process. In this context, streamlining the Internet marketing is very important and thus, the definition of Webopedia (2015) can help in reducing the scope of Internet marketing for the context of this study. The definition is, “Internet marketing or online marketing, refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce, in addition to sales leads from Web sites or emails.” This definition has streamlined the two component of Internet marketing that is, Web and E-mail. Since Email also happens to be a tool for the E-marketing, for the purpose of this study, the Internet marketing will be
termed as “Web Based E-marketing”, in order to achieve relevance and effectiveness.

2.4.3. E-mail Marketing

E-mail marketing is a format of an E-mail based marketing activity in which advertisements; promotional and marketing activities are conducted through sending E-mails to a targeted list of recipients or potential customers. The E-mail message is more like a web based advertisement than a typical email message. According to Galgano and La Mesa (2006) Email Marketing refers to developing marketing strategies that use electronic mail to communicate with current and potential customers.

Chaffey (2007) distinguishes between two different types of E-mail Marketing namely Outbound Email marketing and Inbound Email Marketing. According to him Outbound Email marketing can be defined as, “Emails campaigns used as a form of direct marketing where Emails are sent to customers and prospects from an organization”. On the Contrary Carlton (2009) defines Email marketing as “Sending out newsletter or e-magazines to subscribers’ list”.

The concept behind Email marketing is that it makes more sense to send attractive professional and convincing advertisements and marketing activities to similar group of recipients that might be really involved in receiving such marketing messages instead of sending the same marketing message to a larger group that does not have much interest in receiving it. On the flip side, Email marketing is generally permission based process and depends on the willingness of the recipient to receive advertising information and other marketing information, rather than unsolicited commercial email (UCE) which is often referred to as Service Advertising Protocol (SAP). Accordingly, it is important to emphasize that email marketing is not spamming which refers to indiscriminately sending an enormous number of emails /or newsletter to which refers to the recipients without gaining their consent beforehand.
El-Gohary (2009) states that, today most Email Marketing messages include some mechanisms to provide the company (the sender) with useful feedbacks on the effectiveness and efficiency of its email marketing campaign and such mechanisms make it possible for the marketer to track the email marketing campaign through some performance measures:

- Tracking the number of messages that were opened from the total number of messages sent.
- The total number of clicks that were generated from each message of these messages.
- The total number of email recipients who are asked to be removed from the company email list, and finally
- The total number of messages that were blocked by the receiver server and considered as Spam.

A Marketer may use customer segmentation techniques to ensure that the message is appropriate for the group it has been sent to, and use personalization techniques so that the recipient is addressed as an individual with his/her own name, which in turn will increase the effectiveness and efficiency of Email Marketing.

There are many reimbursements linked to the use of Email marketing. Carlton (2009) Illustrates that the benefits of Email marketing include: emails are cost effective marketing tool, it helps to build good relationships with customers, it provides useful information for customers, and finally can provide instant feedback on the marketing campaign effectiveness. As a result of all these, the benefits associated with the use of Email Marketing and the growing number of businesses is depending on it to conduct their marketing activities. On the other hand, there are some problems associated with the use of Email marketing such as SPAM reports. When conducting an Email marketing campaign, if any of the customers or receivers indicates that the received email is a SPAM for his/her Internet service provider (ISP), the ISP will automatically generate an abuse report which can be a serious problem. The abuse report will result in prevention of all emails generated and sent from the company email address from being delivered to any email
address through the internet services provider. This in turn may unfavorably affect the deliverability of company emails to this ISP if they do not make all the needed corrective actions to avoid. The risk is that SPAM mails can alienate customers.

2.4.3.1. Use of Email Marketing by SBEs

Poon and Swatman (1999b) discussed the use of emails by SBEs from a marketing perspective. Based on their arguments, small businesses use emails to interact with customers and businesses. They normally use emails to exchange information with business partners from one end to provide information to its customers, provide customer support, deliver information based product for customers, receive customers’ enquiries and allow customers to access business information from the others.

Figure 2.6: Email usage between a small business, its customers and business partner

The above model, proposed by Poon and Swatman (1999), clearly triggers, towards the B2B and B2C level used by the SBEs, this further strengthened by the study of El-Gohary (2009), who states that E-mail along with Internet E-marketing is the most common tools used by the United Kingdom and Egypt SBEs at B2B
and B2C levels. Irrespective of the levels, the Email Marketing is found to be an effective tool in most of the developed countries but its Effectiveness and usability in the presence of present technologies and tools need to be tested in India and Bhutan.

2.3.2.4. Intranet Marketing

According to Chaffey (2007), the Intranet can be defined as: “A private network within a single company using Internet standards to enable employees to share information using e-mail and web publishing” (2007, P: 421). People often confuse when they consider Intranets with the Internet. Albeit the Internet and Intranets have many similarities, the most noticeable difference is the facility to make internal company communications and information can be secured through an Intranet. In the sequel, the Internet is accessible to the global World Wide Web, whereas the Intranet is a private net operating within a company. Although both of them use some similar features like E-mail and typical World Wide Web standards, there are three main differences between them:

- An Intranet is a closed accessed net and authorised users can have access.
- The Intranet user can get the Internet while global Internet users cannot get an Intranet.
- An Intranet can be run without an Internet connection or link.

The most well-liked Intranet application is inter-office e-mail, but there are some other applications which include Web publishing of the corporate documents, Web-to-database links that allow users to access company information and newsletters, historical data, catalogs, price lists, information on competitors’ products and customer service data. Overall this is not only a means of sharing knowledge with employees but also a way of protecting the intellectual property of the company. This research argues that an Intranet can be a key marketing tool for a company. Since the Intranet is a useful method for employees’ communications, it can help to increase marketing performance through increasing the levels of coordination within the marketing department. It is also a very useful tool in
conducting Internal Marketing that can help to overcome any resistance to change within the firm by informing and involving all the staff of new initiatives and strategies. In this way, company employees are more likely to understand and be committed to the value proposition of the organization and its brands. In this way it allows SBEs to realize their full marketing potential.

2.3.2.5. Extranet Marketing

An Extranet is an aspect of a corporation Intranet that can be accessed by some users outside the company itself. Vlosky, Fontenot and Blalock (2000) define Extranet as: “A network that links business partners to one another over the Internet”. External stakeholders such as customers, vendors, suppliers and business partners are examples of the types of people who can benefit from Extranets as a type of private networks. These external stakeholders can exchange huge amounts of data using Electronic Data Interchange (EDI), share exclusive information, cooperate with each other on joint business ventures, contribute to training programs and share services between different companies or enterprises. Based on that, an Extranet is more likely to act as a way of communicating and sharing business information securely without facing the concerns related to security, or being intercepted, over the Internet. Extra security and privacy can be achieved with the Extranet by including firewalls and requiring usernames and passwords. Vlosky, Fontenot and Blalock (2000) found that Extranets have some general uses which include conducting electronic communications, allowing contacts with customers and vendors, enabling sales to customers and purchases from suppliers, and finally products and service promotion.

This research argues that an Extranet is an effective tool for, secure information sharing, cost reduction, customer services, order processing and distribution as well as building good business relationships. Accordingly, Extranets has a high potential to enhance marketing activities as well as performance of SBEs. The following table illustrates similarities and differences between Internet, Intranets, and Extranets
Table 2.3: Similarities and differences between the Internet, Intranets, and Extranets

<table>
<thead>
<tr>
<th>Element</th>
<th>Internet</th>
<th>Intranets</th>
<th>Extranets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning</td>
<td>The information Super-highway.</td>
<td>The use of Internet technology within a company or organisation.</td>
<td>A network that uses the Internet to link company Intranets in order to enhance B2B relationships.</td>
</tr>
<tr>
<td>Access</td>
<td>Open</td>
<td>Private</td>
<td>By agreement only</td>
</tr>
<tr>
<td>Users</td>
<td>Public</td>
<td>Organisation members</td>
<td>Business partners</td>
</tr>
<tr>
<td>Information</td>
<td>General</td>
<td>Proprietary</td>
<td>Selective</td>
</tr>
</tbody>
</table>

Source: Adopted from Vlosky et al. (2000), Baker (1997) and SharWest Inc. (1997)

2.5. Literatures on the Theories and Models used: Relevance and Utility

There are six Theory/Models namely, The Technology Acceptance Model (TAM); Innovation Diffusion Theory (IDT); Decomposed Theory of Planned Behaviour; E-Business Development Model; Ng’s Preliminary Model for selection of B2B E-Business Model; and E-Marketing Adoption Model. These Models and theories are mainly used for the identification of factors affecting the adoption of E-Marketing practices. These theories lay down the foundation to the factors affecting the adoption of E-Marketing practices by an Enterprise and they are discussed below:

2.5.1 The Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is proposed by Davis (1989) to explain the acceptance, usage and adoption of information technology. Davis (1989) used this theory about reasoned action (TRA) to show that beliefs influence attitudes which led to intentions, and therefore generate behaviours. Based on that, Davis’s point of view, IT adoption is affected by prior use-related beliefs. When he constructed his model, Davis depended on the following two beliefs to develop his model:

1- **Perceived beliefs/usefulness (PU)** which is: “The degree to which a person believes that using a particular system would enhance his or her job performance” (Davis, 1989, p.320).
2- **Perceived ease of use (PEOU)** which refers to: “The degree to which a person believes that using a particular system would be free of effort” (Davis, 1989; p.320).

Although perceived usefulness and ease of use represent the main components of TAM, there are two other constructs in the models which are:

3- **Attitudes towards the use of IT.**

4- **Behavioural intention to use.**

These four components will lead to the dependent variables of the model which is actual usage of IT, as illustrated in the following figure:-

**Figure 2.7: Technology Acceptance Model (TAM)**

![Technology Acceptance Model (TAM)](image)

Source: Davis et al. (1989).

Research using the technology acceptance model has played an important role to understand the acceptance, usage and adoption of information technology. Any review of the literature and scholarly research on Information Technology acceptance and usage will portray that TAM has emerged as one of the most significant models in this stream of research. Thus, it represents a sound theoretical contribution towards understanding the usage and acceptance behaviour of IT that may be applicable to the study about E-Marketing.
Many researchers had studies and attempts to test the model since it was first presented in 1989. These studies investigated not only a number of different technologies and aspects but also tested all the model components and some of them tested only the two components (perceived usefulness and perceived ease of use). Albeit many authors have tested the TAM model, some of them have extended it by using other constructs in an attempt to improve its ability to predict the use and acceptance of new technologies. In this sequel, Gefen and Straub (2000) conducted a study to test the applicability of TAM to E-Commerce adoption. They found that perceived ease of use (PEOU) and the perceived beliefs / usefulness (PU) play a significant role in the use of websites for product browsing and purchasing. Leader, et al 2000, stated that the belief-attitude-intention-behavioural relationship can predict user acceptance of IT through Technology Acceptance Model.

Devaraj et al (2002) conducted a research to measure consumer satisfaction in B2C E-Commerce through linking the constructs prescribed by the technology acceptance model, transaction cost analysis (TCA), and service quality (SERVQUAL). The study proposed a model which was constructed and tested to examine the determinants of E-Commerce channel (B2C) satisfaction. The findings illustrate that perceived ease of use and usefulness are important in forming consumer attitudes and satisfaction with B2C E-Commerce channel. Similarly, McCloskey (2003) conducted a study to apply TAM to E-Commerce participation. Based on her findings ease of use and perceived usefulness were found to have an impact on whether someone would buy a product online or not. Other studies have explored Internet banking [Chan and Lu (2004), Pikkarainen et al., (2004), Wang et al., (2003), Kamel and Hassan (2003)] and the Internet [Gefen and Straub (1997), Lederer et al., (2000), Yu et al., (2003), Spacey et al., (2004), Shih (2004), Lu et al., (2005)].

From an E-Marketing perspective, by reviewing the literature, it is noticed that a limited number of studies have been conducted to apply the technology acceptance model in the field of E-Marketing. The studies of: Vijayasarathy (2004), Gefen (2003), Gefen, Kaeahanna and Straub (2003b) and Koufaris (2002) are examples
of these investigations. It is observed that most of these researches were about online shopping and online consumer behaviour. Accordingly, Vijayasarathy (2004), Gefen (2003), Gefen, Kaeahanna and Straub (2003b) conducted three studies on online shopping.

Vijayasarathy attempted to explain consumer intention to use on-line shopping by extending TAM model to include: compatibility, privacy, security, normative beliefs and self-efficacy. He found that compatibility, usefulness, ease of use and security are significant predictors of attitude towards on-line shopping.

Looi (2004) conducted a study to investigate the different factors influencing E-Commerce adoption by SME’s in Brunei Darussalam as a first step towards developing a model of the factors motivating and inhibiting E-Commerce adoption. He found a range of organizational, innovational and environmental factors that were indicated as being responsible for influencing the adoption of E-Commerce. These factors include relative advantage, security, government support, competitive pressure, perceived benefits and perceived usefulness. However, economic factors or outside influences (such as: suppliers, customers, social influence and competitors) are not specifically addressed in this model, nor the influence of personal control factors on behaviour (Looi, 2004).

Dembla, Palvia and Krishnan (2007) conducted another study to perceive the adoption of web-enabled transaction processing by small businesses. They proved that perceived usefulness is very important in the adoption of web-enabled transaction processing by SBEs. Moreover, they found that information systems maturity of a company, centralization, formalization, and the IS budget are significant in the adoption of web-enabled transaction processing by SBEs.

In conclusion, TAM has provided a very good base to understand the acceptance and usage of new technologies. The model has been tested for more than two decades in many different technologies and has been accepted as a successful model in predicting and explaining behaviour across a wide variety of domains. By reviewing the literature, it is observed that there are a limited number of studies
that have been conducted to apply the model in the field of E-Marketing. Accordingly, more studies need to be conducted to investigate the model from an E-Marketing perspective. This is applicable because, according to Davis et al. (1989), TAM is considerably less general than the Theory of Reasoned Action (TRA), but it is designed to apply computer usage behaviour. In addition, TAM incorporates findings accumulated from over a decade of information systems research and may be especially well-suited for modeling computer application acceptance which includes E-Marketing (the subject of this study). Nevertheless, the model ignores some other important factors both within and outside the organization that may have an impact on E-Marketing adoption. Therefore, when implementing the model to study the adoption of E-Marketing it needs to be expanded and included economic factors (cost, pressure from suppliers or customers or competitors), and characteristics of the firm (size, sector and status).

Table 2.4: Selective number of studies researched the Technology Acceptance Model

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Research Area</th>
<th>Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Culture</td>
<td>McCoy, Everard and Jones (2005)</td>
</tr>
<tr>
<td>7</td>
<td>Enterprise resource planning (ERP)</td>
<td>Amoaka-Gyampah and Salam (2004)</td>
</tr>
</tbody>
</table>
8  Small businesses  Riemenschneider, Harrison, and Mykytn (2003), Ndubisi and Jantan (2003)
9  Electronic commerce  McCluskey (2003), Gefen and Straub (2000)
12  TAM and TPB  Mathieson (1991)
13  Mobile learning  Huang, Lin and Chuang (2007)
14  Word processing  Brosnan (1999)
15  Broker workstations  Lucas and Spitler (1999)
17  Usage behaviour  Venkatesh and Morris (2000)
18  User satisfaction  Wixom and Todd (2005)

Source: Adopted from El-Gohary (2009); El Gohary (2012); Iqbal and El Gohary (2014)

2.5.2. The Innovation Diffusion Theory (IDT):

Innovation diffusion theory (IDT) is one of the most popular theories in the diffusion of new technology and appeared to be the most widely accepted models by researchers, and is often associated with research into technology innovation. The theory was introduced by Rogers (1983; 1995) who identified eight types of diffusion researches which are: antecedence of perception of innovation, rate of adoption in different social systems, opinion leadership, diffusion networks, communication channel use, and consequences of innovation. According to Rogers (1995), while diffusion is “the process by which an innovation is communicated through certain channels over time among the members of a social system”, innovation is “an idea, practice, or object that is perceived as new by individual or another unit of adoption” (Rogers, 1995, p.5). Figure 2-8 illustrates the main components of the Innovation Diffusion Theory.
As illustrated in the figure, the innovation decision process developed by Rogers (1995) consists of five stages which begin with one’s knowledge about the innovation existence. At this stage, expected users start to know the innovation and gain initial understanding about it. In the second stage (persuasion) the expected users will be influenced by the new technology which in turn will lead to the third stages when managers/expected users move from persuasion to the decision of adopting or rejecting the innovation. In the fourth stages managers/users will implement the new technology, by this usage of the new technology the managers/users in the final stage will confirm or reserve the system from a usefulness or fitness perspective. The main contribution of the Innovation Diffusion Theory (IDT) is the set of innovation attributes it provides that affect the rate of adoption. These attributes include: relative advantage, compatibility, complexity, trial ability, visibility, and observability (Rogers, 1983).
Rogers (1995) defines these attributes as follows:-

1. **Relative advantage:** it is the degree to which an innovation is perceived as being better than its antecedent (Rogers, 1995, p.229).

2. **Compatibility:** it is the degree to which an innovation is perceived as being consistent with the existing values, needs and past experiences of potential adopters (Rogers, 1995, p.240).

3. **Complexity:** it is the degree to which an innovation is perceived as being difficult to use (Rogers, 1995, p.257).

4. **Trialability:** it is the degree to which an innovation may be experimented with before adoption (Rogers, 1995, p.258).

5. **Observability:** it is the degree to which the results of an innovation are observable by others (Rogers, 1995, p.258)

According to Rogers these five attributes can explain 49 to 87 percent of the variance rate of adoption (Rogers, 1995).

A large numbers of studies have tested the model since it was first presented in 1983. These studies have incorporated a number of different technologies and aspects and might have investigated and considered a number of research areas.

Dos Santos and Peffers (1998) conducted a research to investigate the factors influencing the adoption decision for automated teller machines (ATMs). They aimed to determine whether marketing efforts by hardware and software vendors, imitation of competitors or a mixture of influences affected these decisions among bank managers. The findings illustrate that imitation and communication among industry competitors, as well as marketing efforts by the technology vendors are the most important factors affecting the adoption decision for automated teller machines.
Parthasarathy and Bhattacherjee (1998) examined post-adoption behaviour within the context of online service use depending on the innovation diffusion theory as a theoretical framework to extend information technology adoption research to the case of post-adoption behaviour. The findings indicate that potential discontinuers can be discriminated from continued adopters based on their sources of influence (external and interpersonal), perceived service attributes (usefulness and compatibility), service utilisation and network externality (complementary product usage). Additionally, the findings illustrate that later adopters are more likely to discontinue use and are more influenced by interpersonal sources and utilise the service less during their adoption period.

Beatty, Shim and Jones (2001) organised a study to explore the factors influencing corporate web site adoption in the USA. They found that early adopters placed more emphasis on perceived benefits and compatibility of the Web with existing technology and organisational norms than the later adopters.

Eastin (2002) investigated the adoption of four E-commerce activities available to Internet users which are online shopping, online banking, online investing and electronic payment for an Internet service. The sequel indicates that the attributes of the diffusion model play a significant role in the adoption of the Internet. Moreover, results indicate that when users decide to adopt one of these activities they tend to adopt other activities as well.

Kocas (2002) developed a dynamic competitive pricing model that deals with electronic markets, where the segment sizes are determined through a diffusion process. He found that stores with loyal customers or with a preference for their brands can attain higher profits further into the diffusion process.

The diffusion of new technology usually appears as a continuous and rather slow process (Hall and Khan, 2003). Implementation problems of any new technology will be - in most cases - related to the diffusion of this technology. Many researchers in management, information systems and information technology have
therefore begun to rely on the theories of innovation diffusion to study implementation problems of new technologies.

Lertwongsatien and Wongpinunwatana (2003) conducted a study to investigate the factors affecting SME’s E-commerce adoption in Thailand. They found that factors influencing E-Commerce adoption decisions can be organised into three main groups of factors which are: organisational, technological and environmental. They found that compatibility is one of the main factors that can affect the adoption of E-Commerce by SME’s in Thailand.

In a study to understand the determinants of consumer acceptance of virtual stores, Chen, Gillenson and Sherrell (2004) applied the technology acceptance model (TAM) and innovation diffusion theory (IDT) to examine consumer behaviour in the virtual store context. The findings illustrate that the classic theories on technology acceptance and innovation diffusion/adoptioin are still valid in explaining and predicting user behaviors (in the virtual store context).

Zhu and Kraemer (2005) developed an integrative model for assessing the diffusion and consequence of E-business at the firm level. They focused on the post adoption stages (actual usage and value creation) to develop their model which linked technological, organisational, and environmental factors to E-business use and value. The findings illustrate that technology competence, firm size, financial commitment, competitive pressure and regulatory support are important factors for E-business use.

From a consumer behaviour perspective, Blake, Neuendorf and Valdiserri (2005) conducted a study to investigate how a commercial website can be configured to attract online shoppers in the USA and Canada. They found that tailoring websites to fit the orientation of the early site visitors are important to attract shoppers to these websites.

From an E-Commerce perspective, Al-Qirim conducted two studies to investigate the adoption of E-Commerce by SBEs in New Zealand. Al-Qirim, (2006) aimed to
investigate E-Commerce adoption by New Zealand SBEs. The findings illustrate that cost and compatibility do not hinder the SBE E-Commerce adoption decision.

Al-Qirim (2007b) aimed not only to test the innovation diffusion theory (IDT) but also expanded the model to include some factors such as organisational, environmental and individual factors. The study findings illustrate that technological innovation factors (relative advantage, complexity and compatibility), organisational factors and individual factors affect the adoption of E-commerce among SBEs in New Zealand.

With regards to SBEs, it is noticed that there are a considerable number of studies that have tested the Innovation Diffusion Theory (IDT) in a small business context. While some of these studies investigated all the elements of the model, the rest tested only one or more elements of the model. The following table illustrates the different studies conducted to investigate the model in a small business context:

<table>
<thead>
<tr>
<th>N</th>
<th>Factor</th>
<th>Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Complexity</td>
<td>Riemenschneider et. al. (2003), Stockdale and Standing (2006), Chang and Cheung (2001).</td>
</tr>
<tr>
<td>4</td>
<td>Trialability</td>
<td>Seyal and Abd Rahman (2003), Stockdale and Standing (2006).</td>
</tr>
<tr>
<td>5</td>
<td>Observability</td>
<td>Seyal and Abd Rahman (2003), Stockdale and Standing (2006).</td>
</tr>
</tbody>
</table>

Source: Adopted from, El-Gohary (2009); El Gohary (2012); Iqbal and El Gohary (2014)

As can be noticed from the table, most of the scholars have focused on researching the first two elements of the model, namely, relative advantage and compatibility,
which reflect the high importance of these two elements in the diffusion of new technologies among SBEs.

Zolkalpi and Kamaruzaman (2011) tried to simplify the graphical form of the IDT model and proposed the following illustration, figure 2-8:

![Figure 2.9: Simplified Innovation Diffusion Theory](image)

To conclude, the IDT model has provided a good contribution towards understanding the acceptance, usage and diffusion of new technologies. The model has been tested in many different technologies and has been accepted as a successful model. By reviewing the literature, it is observed that there are a limited number of studies conducted to apply the IDT in the arena of E-Marketing. Accordingly, there is a need to conduct more studies to investigate the model from an E-Marketing perspective. Even though the model has considered imperative, factors to illustrate the diffusion of new technologies, it ignores some other important factors both within and outside the organisation that may have an impact on E-Marketing adoption. Therefore, when implementing the model to study the adoption of E-Marketing, the model needs to be expanded to include some other factors.
2.5.3 The Decomposed Theory of Planned Behaviour:

Among other IT adoption models there is the Decomposed Theory of Planned Behaviour model which was introduced by Taylor and Todd (1995b). The model is an extension of one of the most well-known behavioural theories, the Theory of Planned Behaviour (TPB), introduced by Ajzen (1991) and investigates technology adoption in terms of behaviour and social influence. As a result, the model indicates that a better understanding of the relationships between belief structures and antecedents of intention requires the decomposition of attitudinal beliefs (Taylor and Todd, 1995b).

Within this model, technology adoption is a direct function of behavioural intention and perceived behavioural control. The model further suggests that innovation characteristics (as for example, relative advantage, compatibility) help to form intention. As illustrated in figure 2-9, the constructs used in this model are generally based on perceptions, attitudes, beliefs, perceived behavioural control and social influence, together with psychological considerations, in determining technology adoption, acceptance and usage.

**Figure 2.10: Decomposed Theory of Planned Behaviour**

![Decomposed Theory of Planned Behaviour](source: Shih and Fang (2004))
Taylor and Todd (1995b) show that their model has better explanatory power than the pure Theory of Planned Behaviour (TPB). Since this research is mainly about E-Marketing, which is considered as a technological innovation, the decomposed TPB model could give a satisfactory explanation of E-Marketing adoption intention by SBEs.

To determine the possibility of using the Decomposed Theory of Planned Behaviour in explaining and understanding the adoption of E-Marketing by SBEs, the literature vis-a-vis the model was examined. By reviewing this literature, it was found that while some studies found support for the model (as for example, Shih and Fang, 2004; Hsu and Chiu, 2004; George, 2004; Burnkrant and Page, 1988), other studies failed to do so or to identify a multi-dimensional structure for it, such as Shimp and Kavas (1984) and Oliver and Bearden (1985). On the other hand, some of the main constructs used in this model are adopted from the innovation diffusion theory (IDT) - related advantage, complexity and compatibility. Correspondingly, depending on the innovation diffusion theory (IDT) could give a more satisfactory explanation of E-Marketing adoption intention by SBEs, if the limitations of the model are taken into consideration. Within this respect, the model has some crucial limitations such as, the model ignores factors both within and outside the organisation that might have an impact on new technologies adoption and diffusion, for example, economic factors (like: cost, pressure from suppliers, customers or competitors) and characteristics of the enterprise (size, sector and status).

2.5.4. E-Business Development Model

Within this context, Fillis, et al., (2004) argue that globalisation and technology effects appear to have motivated small firms around the world to engage in E-Business practices, drawing on existing research on E-Business. They formulated a conceptual framework of the different reasons motivating adoption and non-adoption of E-Business in SBEs (figure 2.10).
2.5.5. Ng’s Preliminary Model for the Selection of B2B E-Business Models

Marketing practitioners and academics have devoted considerable effort in studying Business – to – Business (B2B) E-Marketing. Albeit there are a wide
range of studies that have been conducted on B2B (Eid, 2003; Porter, 2001; Hamill, 1997; Hoffman et al, 1999; Hoffman and Novak 1996), there are a very few number of studies on B2B in SBEs, even though one has been conducted by Ng (2005) to develop a framework for Australian agribusiness companies seeking to select B2B E-business models. The framework (figure 2-11) consists of 16 internal and external factors that influence the selection of B2B E-business models.

**Figure 2.12: Preliminary model for the selection of B2B E-Business models**

The findings show that SBEs are more concerned with three factors of the framework: understanding of E-Business models, on and off-line marketing strategies and market trends. The enterprises of these studies were convinced that these factors could further enhance the competitiveness of their organisations. Some of the factors included in the Ng (2005) framework (as for example, available resources, market trends, competitive pressure and type of products) are used to investigate the adoption of E-Marketing by SBEs within this research.

**2.5.6. E-Marketing Adoption by Small Business Enterprises Model:**

El-Gohary (2009) conducted a study on the adoption of E-Marketing practices among Small Business Enterprises of UK and Egypt. After reviewing the
literatures and models existed then, he argued that TAM and IDT are quality models, but for E-Marketing adoption some more factors may play a pivotal role. Like the previous models (B2B E-business model and E-Business development model), he considered Macro that is, External; and Micro that is, Internal, factors playing their respective role in the adoption of E-marketing practices. The same can be understood by the model as illustrated below (Figure 2.12):

**Figure 2.13: E-Marketing Adoption Model**

![E-Marketing Adoption Model](image)


In this model as illustrated above, the internal and external factors are considered as an extension to TAM and IDT. Even though, TAM and IDT factors have been considered as a part of internal micro factors affecting the adoption of E-Marketing by any SBEs. This model was found to be an effective model with regard to the adoption of E-Marketing in Developed and developing countries. The same model
leads the basic researches of El-Gohary (2010); El-Gohary (2011); El-Gohary (2012); and Kanchanatanee et al., (2014).

2.6. Need for the Study & Research Gaps identified:

Almost all the researches on E-marketing in SBE’s are organized by the European Nations, other western countries, New Zealand, and Australia. All these studies determined by the developed economy context. A few studies have been conducted on a developing economy (Egypt) but they have a context with the developed Economy. The researcher considers E-Marketing a very strong tool for countries like Bhutan which has relatively very domestic market as E-Marketing act as a door way to the global economy.

- There is no study conducted on E-marketing in the least developed economy like Bhutan.
- There is no study available on SBEs specifically, in Indian and Bhutanese context; usually most of the studies conducted are on MSMEs or CSIs.
- A very limited study is available as comparative study on India and Bhutan, but no such study is available in the field of marketing.
- The New advents in the E-Marketing that is, Mobile Applications have not been incorporated in the researches conducted in the arena so far.
- E-marketing can be a potential tool to help SBEs to increase their competitive advantage effectively.
- The models available on E-Marketing are relevant for the developed economies. Their relevance in the developing and under developed economies needs to be tested.
- The adoption of E-marketing in India and Bhutan is particularly stimulating as both nations have their own marketing environment and the awareness towards computers is very recent and is increasing at a very fast rate.
- The dynamics of the E-Marketing is changing with the advent of more E-commerce websites, launch of various social networking smart phone applications, and the change of attitude of the sellers and buyers in these two countries require an analytical study on the latest marketing practices.
Bhutan as a nation has recently drawn the attention of the world because of the new dimension towards the economy that is, GNH (Gross National Happiness). The history and practices of this nation are based on sustainable and eco-friendly practices, and E-marketing being a digital framework follows the same principles.

Most importantly, in the context of this research, no study has been conducted on Developing (India) and least developing nation (Bhutan). The researcher feels that, in the era of globalization where the IT is most pervasive form of communication, the study on the E-marketing practices in these nations is essential.

2.7. Research Problems, Research Questions and Scope of the Study

2.7.1. Research Problem

The presence of the internet is not a guarantee for a firm’s excellent success. The internet advantage mainly depends on how strategically and skillfully it is used. Absence of internet is really a risk to a firm. In the modern era, internet has become a basic need for the survival of any firm. The firms irrespective of size and scale have to mark their virtual presence along with the real presence in order to gain competitive advantage as well as to be more customer based. Firm risks losing its customer if they do not have the presence of the website because the customers browse the website of the competitor for any queries and sales transactions (Kotabe and Helsen, 2000). In other words, absent from internet may lead to competitive advantage but presence may not guarantee such advantage. The theory says that if somebody marks their virtual presence, they are shifting from the local market to the world market. India has its own huge domestic market, and Bhutan has the problem of the thin national population shrinking the domestic market. This research study considers E-Marketing as a potential solution to combat the problem of consumer market and the whole world is within the reach of the marketing activity but the issue is to find out the penetration of E-Marketing among firms and the current practices. It is important to understand it at the first move in order to make a comment on any practices. Thus, the fundamental
problem is to comprehend the E-marketing practices by the Indian and Bhutanese small business. At the same time, this study analyzes the factors affecting the E-Marketing activities in these Small Business Enterprises. In addition, the study evaluates the effectiveness of each tools of E-Marketing with respect to present use and future potential.

2.7.2 The Research Questions

Based on the above problem statement related to the Indian and Bhutanese SBEs, the following questions will be the integral part of this research:

i. What is the current status of E Marketing usage among Indian and Bhutanese SBE’s?
ii. What are the different tools, levels, and forms of implementation of E-marketing by SBE’s in India and Bhutan?
iii. What are the different factors affecting the adoption of E-marketing by Indian and Bhutanese SBE’s?
iv. What is the relationship between E-Marketing adoption and the type of firm that is manufacturing or service?
v. What is the position of adoption of E-marketing tools in terms of effectiveness and what is its future potentiality from user’s perception?

2.7.3. Scope of the Study

This study is a comparative study of E-marketing practices among Small Business Enterprises of India and Bhutan and analyses the current practices and adoption of electronic marketing among both the manufacturing and service SBEs in these two countries. The statement of the scope of study is, “eMarketing practices among Indian and Bhutanese Small Business Enterprises”.

2.8 Research Objectives

Based on the research questions, the objectives of the research are as follows:

1. To find out the current status of E-marketing practices among Indian and Bhutanese SBEs.

2. To explore the different forms, implementation levels and tools of E-marketing used by SBEs.

3. To explore the effectiveness of the E-marketing tools and its future potentialities from the producers perspective.

4. To develop a theoretical model dealing with the adoption of E-marketing and Small Business Enterprises.

5. To use this model to evaluate the potential of E-marketing for SBEs in developing countries (India) and underdeveloped countries (Bhutan).

2.9. Summary and Conclusion of the Chapter

The main intension of reviewing the literature is to streamline and strengthen the body of the theory affecting a study. With the same intension in this chapter, literature review of SBEs, E-Marketing, and the adoption models were surveyed, illustrated and reviewed. The chapter started with the definition of SBEs across the globe and a consensus with the literature is developed. The SBEs definition is mainly based on the local and national needs and thus the definition of the national agency dealing with SBEs can be the best possible definition to adopt for the purpose of this study. The definition identified for SBEs in Bhutan, “Any Manufacturing, production, trading and service business enterprise who have investment between BTN 10 lakhs to BTN 1 crore, is called Small Business Enterprises in Bhutan” whereas the definition for the Indian SBEs is found to be segregated under service and manufacturing sector. For the Manufacturing SBEs the definition is, ““Any production or manufacturing Business Organisation where the investment is between INR 25 Lakh to INR 5 Crore”; for service sector the
definition is identified as, “any trading or service business organization where the investment is between INR 10 lakh to INR 1 crore”.

This chapter made an attempt to highlight the reasons why SBEs have not received proper attention from research point of view in developing and under developed countries where their status is overshadowed by the presence of the larger firms and their limited size in terms of finance, human resource, top management and information systems. At the same time the potentiality in terms of creativity, innovativeness, economic support, and employment, of SBEs cannot be ignored and therefore SBEs are considered to be important socially and economically. Thus, it can be concluded from this section, that there is a gap in terms of studies conducted on SBEs specifically. As these firms are special with regard to their size and structure, a special attention should be given to these enterprises. Both India and Bhutan are trying to give attention to these Enterprises. Bhutan has created a separate department that is, Department of Cottage and Small Industry (DCSI) under the Ministry of Economic Affairs (MoEA); whereas India has created a separate Ministry that is, Ministry of Medium, Small and Micro Enterprises (M/o MSME). This clearly shows the significance of these sectors at the perception of the governments.

In the sequel the definition of E-Marketing, in this chapter, is identified with the internet applications and it is the key facilitator of E-Marketing. These applications are working on nine levels that is, B2B, B2C, B2G, G2C, G2B, G2G, C2C, C2B and C2G. A business operates at three levels, B2B, B2C and B2G levels.

As an extension to the definition, the literatures related to the tools of the E-Marketing that is, Internet marketing, Intranet Marketing, Extranet marketing, Email marketing, Extranet marketing and Mobile marketing are reviewed. It is found that with the increased penetration of internet in the world in general and in India and Bhutan in particular. The potentiality of E-Marketing practices cannot be ignored. E presence does not guarantee a firm of increased market share, but not having an e presence actually gives a set back to the firm in terms of industry and consumer trends. The review acknowledges that all the E-Marketing tools can be
used by a single firm together, but a willingness to promote the products by using a single tool may create a difference in the marketing performance. This section studies the E-marketing tools in the light of the literatures available and identifies a strong need to test the penetration of such tools in Indian and Bhutanese SBES.

The last section of this chapter deals with six theories and models used to identify the variables affecting the adoption of E-marketing practices. Having been examined the literatures of the Technology Acceptance Model (TAM) and Innovation Diffusion Theory (IDT), it is found that they are the most used and accepted theory for any enterprises planning to adopt a new technology. Both the theories are found to complement each other as far as the adoption of IT is concerned. TAM is based on two beliefs, Perceived beliefs/usefulness (PU) and Perceived ease of use (PEOU); along with two constructs, attitudes towards the use of IT and Behavioural intention to use. In total, these four components lay the foundation to TAM as a Model. On the other hand, Innovation Diffusion Theory is found to be in more detail related to adoption of an Innovation. Many researchers have found IDT, a more useful theory for the adoption of a practice. This theory suggests that adoption and continuity of adoption of any practice happens through four stages that is, Knowledge, Persuasion, Decision and Confirmation. At the first stage, there are three factors, Social System Norms; Tolerance and deviancy; and Communication integration. The second stage is affected by factors like, Relative Advantage; Compatibility; Complexity; Triability; and Observability. Followed by the third stage where the adoption or rejection of an innovation happens, and finally at the fourth stage the confirmation where it is decided to continue with an innovation. Many researchers have found that these two models are incomplete and require proper extension in order to achieve efficiency in identifying more factors affecting the adoption of E-Marketing.

The Third Model/Theory discussed under this chapter is Decomposed Theory of Planned Behaviour. It is an extension of Theory of Planned Behaviour (TPB). In this model technology adoption is a direct function of behavioural intention and perceived behavioural control. This model has identified six factors affecting ultimately the actual usage of a technology. These Six factors are, Relative
Advantage; Compatibility; Complexity; Normative Influence; Efficacy; and Facilitating Conditions. The fourth model that is discussed is E-Business Development Model. This model mainly considers the limitation of TAM and IDT, and segregates the factors under macro and micro factors affecting the adoption of E-business activity by an Enterprise.

The B2B selection model as described by Ng considers that there are two types of influencing factors affecting the adoption of B2B models. They are: Internal and External factors. The Internal factors are Resource available; target market segment and market scope; Nature of product and services; technological infrastructure and knowledge; Understanding of e-business models; Organisational structure and culture; types of business strategy. The external factors are: type of industry; competitors’ influence; and the market trends used by the researchers in studying adoption practices with regards to E-Marketing.

The last model discussed under this chapter is E-Marketing Adoption Model specifically designed for SBEs and therefore it can be referred as E-Marketing Adoption by SBEs Model. This Model is special for the present study, as this has incorporated most of the existing Models and theories in identifying the factors affecting adoption of E-Marketing. It has been made an extension to TAM and IDT models, it has also been incorporated the arguments and outcomes in the other three models in one way or the other. The factors have been broadly segregated as External Macro factors; Internal Micro factors; and TAM & IDT factors. Twelve factors are identified completely and they have an effect on Adoption of E-Marketing practices.

In conclusion, an attempt has been made in this chapter to investigate the literatures of all the elements which are important from the view point of the researcher. Moreover, many terms that are closely related and confused in the definitions are clarified. Based on the literatures and the Theoretical foundations laid under this chapter, the Research Gaps, Research Questions, Scope and Research Objectives have been laid. The following title, the Research Methodology, discusses the outcome of this chapter.