



UNIVERSITI PUTRA MALAYSIA

**FACTORS AFFECTING ADOPTION OF E-MARKETING AMONG SMALL
AND MEDIUM ENTERPRISE FOOD MANUFACTURERS IN MALAYSIA**

MUHAMMAD FAIZAL BIN ZAINAL RASHID

FP 2011 16

**FACTORS AFFECTING ADOPTION OF E-MARKETING
AMONG SMALL AND MEDIUM ENTERPRISE FOOD
MANUFACTURERS IN MALAYSIA**

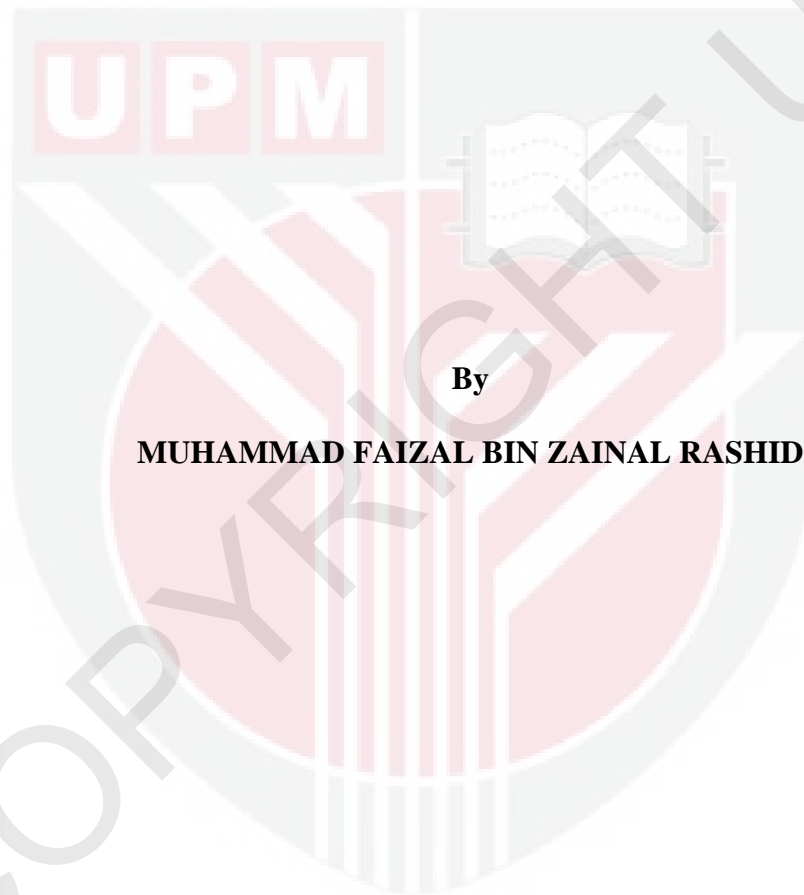


MUHAMMAD FAIZAL BIN ZAINAL RASHID

**MASTER OF SCIENCE
UNIVERSITI PUTRA MALAYSIA**

2011

**FACTORS AFFECTING ADOPTION OF E-MARKETING AMONG SMALL
AND MEDIUM ENTERPRISE FOOD MANUFACTURERS IN MALAYSIA**



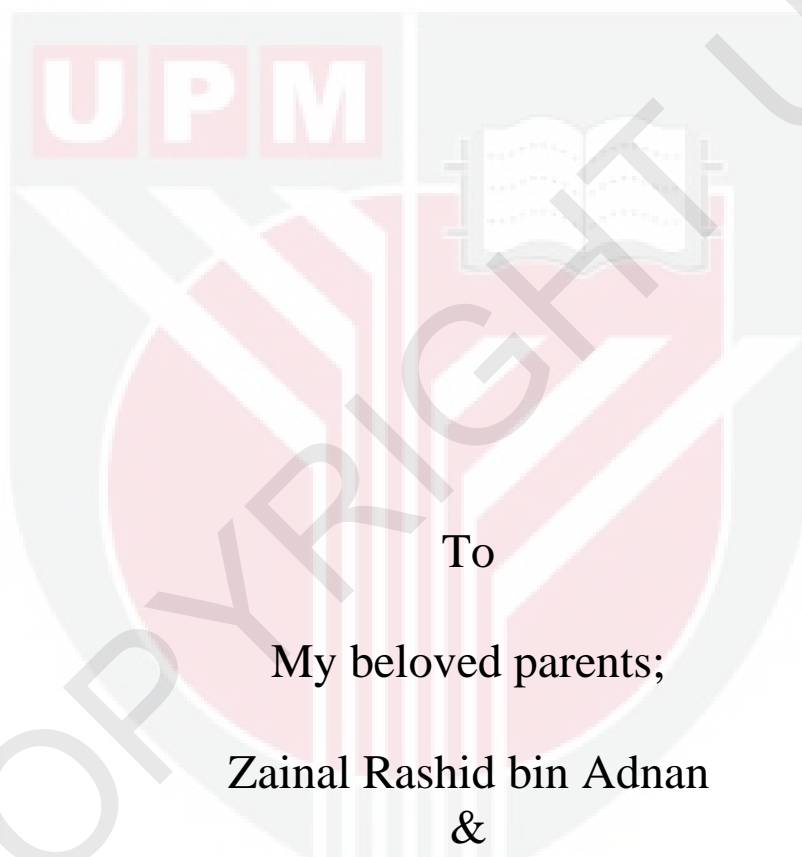
By

MUHAMMAD FAIZAL BIN ZAINAL RASHID

**Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia,
in Fulfilment of the Requirements for the Degree of Master of Science**

August 2011

Dedication



To

My beloved parents;

Zainal Rashid bin Adnan

&

Chek Zan binti Kasah

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the degree of Master of Science

FACTORS AFFECTING ADOPTION OF E-MARKETING AMONG SMALL AND MEDIUM ENTERPRISE FOOD MANUFACTURERS IN MALAYSIA

By

MUHAMMAD FAIZAL BIN ZAINAL RASHID

August 2011

Chairman : Professor Zainal Abidin Mohamed, PhD

Faculty : Agriculture

In Malaysia, one of the main sectors that can benefit substantially from the usage of E-Marketing is the agri food SMEs. On the other hand, the increasing importance of the presence of E-Marketing posed challenges to agri food SMEs owners, who have long depended on traditional and conventional marketing media. This is due to the fact that there are a lot of predictions and uncertainties on the potential of conducting E-Marketing over the Internet and confusion concerning exactly what is happening, how much potential exists, and what agri food SMEs should be doing to take the advantage of it is still debatable issues. The study generally aims to explore the factors affecting the adoption of E-Marketing among agri food SMEs in Malaysia. An online survey was posted at <http://www.my3q.com>. The survey focused only on

agri food SMEs who have adopted E-Marketing in their firm. The invitation to participate in the questionnaire was sent via e-mail. A total of 239 participants responded to the online questionnaire. The data were analyzed using descriptive statistics, chi-square analysis, factor analysis, and logistic regression.

Based on the results of the study, majority of the respondents are middle managers working in small enterprises located in the central region of Malaysia selling snacks, ready to serve foods, frozen foods, drinks and condiments. Most of the SMEs are fairly experience users of E-Marketing and believe that they will continue to use E-Marketing in the future. Internet Marketing, E-Mail Marketing, and Mobile Marketing are the preferred tools used when conducting their E-Marketing activities. In terms of the SMEs perceptions on the motivational context (technology, organization, and environment) factors for E-Marketing adoption in their firms, all of the contexts have a mean ranging from agree and neutral. Chi-square analysis reveals that only annual sales have a significant impact on E-Marketing level adoption.

From the factor analysis, 3 factors have emerged from the technological context namely marketing function benefits, customer related benefits, and product related benefits. For the organizational context, 4 factors are extracted from the factor analysis namely compatibility, resources capabilities, firm size and changes in product types. Lastly, on the environmental context, 3 factors are produced from the factor analysis namely trust, competitive pressure, and government policy.

In order to investigate the likelihood of E-Marketing continual usage in agri food SMEs, by using the factor scores of the factors extracted from the factor analysis as the independents variables, a logistic regression was conducted. Based on the findings, seven factors were found to be significantly related to the dependent variable (continue usage or otherwise) namely marketing function benefits, customer related benefits, product related benefits, compatibility, changes in product types, trust, and government policy. Therefore, the findings from this study could provide an important insight towards improving the E-Marketing sustainability in agri food SMEs in Malaysia. By identifying the possible factors for E-Marketing continual usage, organizations which would like to ensure the sustainability of E-Marketing in their firm will be able to apply strategies and make managerial decisions based on the findings from this research.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Master Sains

**FAKTOR- FAKTOR MEMPENGARUHI PENERIMAAN E-PEMASARAN DI
KALANGAN PERUSAHAAN KECIL DAN SEDERHANA BAGI
PENGELUAR MAKANAN DI MALAYSIA**

Oleh

MUHAMMAD FAIZAL BIN ZAINAL RASHID

Ogos 2011

Pengerusi : Profesor Zainal Abidin Mohamed, PhD

Fakulti : Pertanian

Di Malaysia, salah satu sektor yang mampu untuk meraih hasil berlipat kali ganda dari penggunaan E-Pemasaran adalah perusahaan kecil dan sederhana (PKS) agri makanan. Walau bagaimanapun, peningkatan mendadak akan kepentingan E-Pemasaran mendatangkan permasalahan kepada pemilik PKS agri makanan yang selama ini hanya bergantung kepada media pemasaran tradisional dan media arus perdana. Ini mungkin disebabkan oleh kerana terdapat banyak sangkaan and ketidakpastian tentang potensi pelaksanaan E-Pemasaran menerusi Internet dan kekeliruan tentang apa sebenarnya yang sedang berlaku, apakah potensinya, dan apa yang perlu di lakukan oleh PKS agri makanan untuk mengambil peluang ke atas E-Pemasaran masih menjadi tanda tanya. Kajian ini secara amnya menyelidik akan

faktor-faktor yang mempengaruhi penerimaan E-Pemasaran di kalangan PKS agri makanan di Malaysia.

Suatu kaji selidik dalam talian telah pun di jalankan di <http://www.my3q.com>. Kaji selidik ini hanya memfokuskan kepada PKS agri makanan yang telah menggunakan E-Pemasaran di dalam syarikat mereka. Jemputan untuk penyertaan mengisi borang kaji selidik telah pun di hantar melalui e-mail. Maklumbalas yang diperolehi dari borang kaji selidik dalam talian tersebut adalah sejumlah 239 peserta. Data yang diperolehi kemudiannya di analisa menggunakan statistik diskriptif, analisa chi-square, analisa pemfaktoran, dan regresi logistik.

Hasil kajian mendapati majoriti responden adalah golongan pengurus pertengahan yang bekerja di dalam perusahaan kecil yang terletak di wilayah tengah semenanjung Malaysia dengan menjual produk-produk seperti snek, makanan tersedia, makanan beku, minuman, dan bahan perasa. Kebanyakan dari PKS ini adalah pengguna E-Pemasaran yang berpengalaman serta percaya yang mereka akan terus menggunakan E-Pemasaran di masa hadapan. Pemasaran Internet, Pemasaran E-Mail, dan Pemasaran alat mudah alih adalah alat-alat E-Pemasaran pilihan utama yang sering digunakan semasa menjalankan aktiviti-aktiviti E-Pemasaran. Dari segi persepsi PKS terhadap konteks motivasi (teknologi, organisasi, dan persekitaran) faktor-faktor penerimaan E-Pemasaran dalam firma mereka, kesemua konteks tersebut mempunyai min yang meliputi aras bersetuju dan berkecuali. Analisa chi-square

mendedahkan yang jualan tahunan merupakan satu-satunya pembolehubah yang mempunyai kesan yang penting pada paras penerimaan E-Marketing.

Berdasarkan kepada analisa pempfaktoran, 3 faktor telah muncul dari konteks teknologi iaitu prestasi fungsi pemasaran, prestasi berkaitan pelanggan, dan prestasi berkaitan produk. Bagi konteks organisasi, 4 faktor telah di kenalpasti dari faktor analisis iaitu keserasian, kemampuan sumber, saiz syarikat, dan perubahan dalam jenis produk. Akhir sekali, di dalam konteks persekitaran, 3 faktor telah diperolehi dari faktor analisis iaitu kepercayaan, persekitaran tekanan kompetitif, serta polisi kerajaan. Di dalam usaha untuk mengenalpasti kemungkinan penggunaan E-Pemasaran yang berterusan di dalam PKS agri makanan, dengan menggunakan skor faktor yang diekstrak dari faktor analisis sebagai pemboleh ubah bebas, suatu regresi logistik telah dijalankan. Berdasarkan daripada hasil kajian, tujuh faktor telah dikenalpasti sebagai faktor-faktor terpenting yang mempunyai kaitan dengan pembolehubah bersandar iaitu prestasi fungsi pemasaran, prestasi berkaitan pelanggan, prestasi berkaitan produk, keserasian, perubahan dalam jenis produk, kepercayaan, serta polisi kerajaan. Lantaranya, hasil kajian ini diharapkan mampu menyumbang dari segi meningkatkan lagi daya kelestarian E-Pemasaran dalam PKS agri makanan di Malaysia. Dengan mengenalpasti faktor-faktor yang mungkin menyumbang kepada kelestarian E-Pemasaran, organisasi-organisasi yang berminat untuk memastikan kelestarian E-Pemasaran di dalam firma mereka akan dapat menggunakan strategi dan membuat keputusan berdasarkan hasil dari keputusan kajian ini kelak.

ACKNOWLEDGEMENTS

I would like to thank Allah The Almighty who has blessed me with the patience, courage and strong will during the course of my research. May He bless me with constant guidance throughout the course my life.

I would specifically like to express my deepest gratitude and appreciation to my supervisor Prof. Dr. Zainal Abidin Mohamed for his great support, insightful idea, inspiring guidance and his believe in me to deliver results. My sincere gratitude to both Dr. Amin Mahir Abdullah and Dr. Nitty Hirawaty Kamarulzaman, as my committee member, for giving me their full support, encouragement, and valuable comments in ensuring the completion of this dissertation is materialize.

Here, I would also like to take this opportunity to acknowledge and thanks to all representative from agri food SMEs that were willing to take part in my research. Without their assistance and understanding, it would be very hard for me to complete the study.

To my parents, who prayed for me and very supportive during the course of completion of this thesis, I would like to convey my special thanks and love forever.

To my fiancée, who is always there as a source of strength and being patience with my attitude during the study period, I am very much indebted to you.

Last but not least, a very special thanks to all my colleagues at the Department of Agribusiness and Information System, friends and family who have contributed directly or indirectly towards the completion of my dissertation.

MAY ALLAH BLESS ALL



I certify that an Examination Committee has met on 9th August 2011 to conduct the final examination of Muhammad Faizal bin Zainal Rashid on his Master of Science thesis entitled “Factors Affecting Adoption of E-Marketing Among the Small and Medium Enterprises Food Manufacturers in Malaysia” in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree of Master Science.

Members of the Examination Committee were as follows:

Nolila binti Mohd Nawi, PhD

Senior Lecturer
Faculty of Agriculture
Universiti Putra Malaysia
(Chairman)

Ismail b Abd Latif, PhD

Senior Lecturer
Faculty of Agriculture
Universiti Putra Malaysia
(Internal Examiner)

Golnaz Rezai, PhD

Senior Lecturer
Faculty of Agriculture
Universiti Putra Malaysia
(Internal Examiner)

Abu Hassan Md Isa, PhD

Professor
Faculty of Economics and Business
Universiti Malaysia Sarawak
(External Examiner)

HASANAH MOHD GHAZALI, PhD
Professor and Dean
School of Graduate Studies
Universiti Putra Malaysia

Date:

This thesis was submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfilment of the requirement for the degree of Master of Science. The members of the Supervisory Committee were as follows:

Zainal Abidin Mohamed, PhD

Professor
Faculty of Agriculture
Universiti Putra Malaysia
(Chairman)

Amin Mahir Abdullah, PhD

Senior Lecturer
Faculty of Agriculture
Universiti Putra Malaysia
(Member)

Nitty Hirawaty Kamarulzaman, PhD

Senior Lecturer
Faculty of Agriculture
Universiti Putra Malaysia
(Member)

HASANAH MOHD GHAZALI, PhD

Professor and Dean
School of Graduate Studies
Universiti Putra Malaysia

Date:

DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledge. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or other institutions.

MUHAMMAD FAIZAL ZAINAL RASHID

Date: 9th August 2011



TABLE OF CONTENTS

	Page
DEDICATION	ii
ABSTRACT	iii
ABSTRAK	vi
ACKNOWLEDGEMENTS	ix
APPROVAL	xi
DECLARATION	xiii
LIST OF TABLES	xvii
LIST OF FIGURES	xviii
LIST OF APPENDICES	xix
LIST OF ABBREVIATIONS	xx
CHAPTER	
1 INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	1
1.3 Information and Communication Technology (ICT) in Malaysia	4
1.4 The Agri Food Industry	8
1.5 Problem Statement	13
1.6 Research Objectives	16
1.7 Significance of the Study	16
1.8 Organization of the Thesis	17
1.9 Summary	18
2 LITERATURE REVIEW	
2.1 Introduction	19
2.2 The Internet as an Important Marketing Tool	19
2.3 Internet and E-Marketing usages in SMEs	20
2.4 E-Marketing Level of Adoption	22

2.5 Theories and Prior Research of ICT Adoption	26
2.5.1 Technology Acceptance Model	26
2.5.2 The Theory of Reasoned Action and the Theory of Planned Behaviour	29
2.5.3 Technology-Organization-Environment framework	31
2.5.4 Other related theories	32
2.6 Previous Research Findings on Perceptions and Factors Affecting Attitudes towards ICT Adoption	37
2.6.1 Technological context	39
2.6.2 Organizational context	40
2.6.3 Environmental context	41
2.7 Summary	43
3 METHODOLOGY	
3.1 Introduction	45
3.2 The Conceptual Framework	45
3.2.1 The dependent variable	46
3.2.2 The independent variable	47
3.2.2.1 Technological context	47
3.2.2.2 Organizational context	49
3.2.2.3 Environmental context	51
3.3 Research Approach	53
3.4 Sampling and Data Collection	53
3.5 Questionnaire Design	55
3.6 Statistical Analysis	56
3.6.1 Descriptive analysis	57
3.6.2 Chi-square analysis	58
3.6.3 Factor analysis	58
3.6.4 Logistic model	60
3.7 Summary	62

4	RESULT AND ANALYSIS	
	4.1 Introduction	64
	4.2 Descriptive analysis	64
	4.2.1 Profile of the Respondents	64
	4.2.2 Current status of E-Marketing implementation in agri food SMEs	68
	4.2.3 Perception on E-Marketing adoption in the organizational context factors	74
	4.2.4 Perception on E-Marketing adoption in the environmental context factors	77
	4.2.5 Perception on E-Marketing adoption in the technological context factors	79
	4.3 Chi-Square Analysis	81
	4.4 Factor Analysis	82
	4.4.1 Factor analysis on technological context	82
	4.4.2 Factor analysis on organizational context	86
	4.4.3 Factor analysis on environmental context	91
	4.5 Logistic Regression Analysis	95
	4.6 Summary	101
5	CONCLUSION AND RECOMMENDATION	
	5.1 Introduction	104
	5.2 Conclusion	104
	5.3 Theoretical Contributions	113
	5.4 Managerial Implication	113
	5.5 Limitation of the Study	114
	5.6 Recommendation for Future Research	115
	REFERENCES	117
	APPENDICES	129
	BIODATA OF STUDENT	136
	PUBLICATIONS	137