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

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

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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

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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 perlaksanaan 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-Permasaran masih menjadi tanda tanya. Kajian ini secara amnya menyelidik akan
faktor-faktor yang mempengaruhi penerimaan E-Pemasaran di kalangan PKS agri makanan di Malaysia.


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

Berdasarkan kepada analisa pemfaktoran, 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. Lantarannya, 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.
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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 9\textsuperscript{th} 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.

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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:

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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
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