

Extent of Utilization of E-Marketing Application by Small and Medium Scale Enterprises in Anambra State

Igboanugo, Amaka Regina

Department of Business Education, Faculty of Technical Vocational Education, Nwafor Orizu College of Education, Nsugbe.

Obioma, Uzoka Agatha

Department of Business Education, Faculty of Technical Vocational Education, Nwafor Orizu College of Education, Nsugbe.

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ABSTRACT: *This study focused on the extent of Utilization of E-Marketing Applications by small and medium enterprises in Anambra state, Nigeria. Two research questions guided the study. Survey research design was adopted for the study. The population of the study consisted of 1,846 SMEs (owners/managers) in the area. Stratified random sampling technique was used for the study. A sample of 1,473 SMEs managers were randomly selected using stratified random sampling. A structured questionnaire was used for data collection. Mean and standard deviation were used to answer the research questions. Finding of the study indicated that SMES in South Eastern Nigeria utilize e-commerce and e-invoicing marketing applications in their operations to a low extent. Based on the findings of the study, it was recommended among others that SMEs owners/managers should be trained by business schools and business consultancy firms on how to use e-marketing applications. The importance of e-marketing should be clearly spelt out for them so that they can acquire the skills to fully integrate into their business operations.*

KEYWORDS: utilization, e-marketing application, Small and Medium Scale Enterprises, Anambra State

INTRODUCTION

Small scale businesses are normally privately owned corporations, partnerships, or sole proprietorships. According to Elekwa (2014), A small scale business is a type of business idea that requires little or no capital to start which can either be managed through sole proprietorship, partnership, private or Public Limited Companies. In line with the above, Gustafson (2013) opined that small-scale enterprise is a business that employs a small number of workers and does not have a high volume of sales. Such enterprises are generally privately owned and operated sole proprietorships, corporations or partnerships. The legal definition of a small-scale enterprise varies by industry and country. Small and medium scale enterprises (SMEs) are important pillars and the backbone of every economy. They are essential elements in the growth strategy of many developing countries. They have the potential for employment and wealth creation, development and industrialization in every economy particularly in the

developing nations. Small and medium scale businesses are at the fore front of making meaningful impact in the economy and hold strongest promise to industrial growth. According to Adelaji (2012) SMEs are important to almost all economies in the world, especially to those in the developing countries with major employment and income distribution challenges. The author also noted that SMEs contributes to the creation of jobs and are nursery for the larger firms. He further averred that SMEs contribute directly and significantly to aggregate savings and investments and are involved in the development of appropriate technology for production of goods.

Small and Medium Enterprises (SMEs) are increasingly recognized as important drivers of socio-economic development all over the world (Kazungu, Ndiege Mchopa, & Moshi, 2014). Their importance can be viewed in aspects such as productivity, innovation and employment creation, income generation and distribution, poverty alleviation, training, including labour absorption, ground for the development and upgrading entrepreneurship skills, and are important vehicles for promoting forward and backward linkages in geographically and economically diverse sectors of the economy in many countries. This makes them the backbone of global economic growth (Gupta & Khanka, 2008).

In recent time, the proliferation and adoption of information and communication technologies in various spheres of life has find its way in the business operation of small and medium scale business operations globally. Information and communications technology (ICT) is an extensional term for information technology (IT) that stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals) and computers, as well as necessary enterprise software, middleware, storage and audiovisual, that enable users to access, store, transmit, understand and manipulate information. According to Adekeye (2020), organizations in Nigeria commenced adoption of information and communication technologies known as electronic marketing or e-marketing in the 1990s, when Nigeria linked to the internet by the late 1990s, a lot of organizations have started to adopt some form of e-marketing such as the use of e-mail and e-payment. However, the use of e-marketing in the 1990s was mostly by large organization, financial institutions and publishing houses. It was until the early 2000 that small and medium scale enterprises started adopting e-marketing (Ibene & Obi, 2001).

Electronic marketing which is often referred to as e-marketing is the process of marketing products or services using the internet. E-marketing not only includes marketing on the internet, but also includes marketing done via electronic mail (e-mails) and wireless media. E-marketing uses a range of technologies to help connect businesses to their customers. Raymond (2016) stated that e-marketing is a process of planning and executing the conception, distribution, promotion, and pricing of products and services in a computerized, networked environment, such as the internet and the World Wide Web (www), to facilitate exchanges of goods and services as well as to satisfy customer demands. Kotler (2012), posited that e-marketing refers to the use of electronic means and platform to conduct business. E marketing has a significant positive impact on organizational performance (Maldeni & Jayasenne, 2008) and is vital to SMEs' survival in the current applications allow consumers to electronically exchange goods and services with no barriers of time or distance (Daniel, 2005). Electronic commerce has expanded rapidly over the years and in the near future, boundaries or

geographical location will not constitute a barrier in business transaction as more businesses move their operations into the internet (Chenery, 2004). E-commerce provides the capability of buying and selling products, information and services on the Internet and other online environment. There are many aspects of electronic marketing. They include e-invoicing, e-commerce, e-mailing, social media, use of search engines, digital display advertising, virtual events and webinars, content marketing, blogging among others. In this paper, e-invoicing and e-commerce is examined.

Electronic invoicing is an e-marketing activity which is used to describe any method by which an invoice is electronically presented to a customer for payment (Tieto, 2009). It is a form of electronic billing which is used by trading partners such as customers and their suppliers, to present and monitor transactional documents among one another and ensure that the terms of trading agreements are met (Aftab & Rahim, 2019). The documents include e-purchase orders, e-debit notes, e-credit notes and e-remittance advices. These documents can be exchanged in a number of ways including EDI, XML, or CSC files (Campbell 2005). They can be uploaded using web application sites.

Despite the mentioned benefits of e-marketing utilisation to the growth of business and increased volume of sales among small and medium scale business owners, it appears that most business owners especially those operating in Anambra State are yet to utilise these opportunities to improve their business. Anambra state is the business hub in the south east states of Nigeria. Business operators within Anambra state are entrepreneurs or business owners who carry out different business activities. Businesses carried out in these areas include sales of motorcycle spare parts, automobile parts, food vending, sales of computer accessories and computer services (type setting, cyber cafes, computer designs), and services like automobile repairs, producers of raw and finished materials for building construction etc.

Without the utilization of e-marketing applications by business operators within Anambra state, it will be very difficult for SMEs in Nigeria to compete in the global market economy. Adoption of e-marketing by small business enterprises can change both the shape and nature of business all over the world. The increased usage of the Internet and other electronic marketing channels in electronic transactions has the chance of creating not only a lot of opportunities for small business enterprises but can eliminate a lot of threats. However, it is not yet certain whether small and Small and Medium scale business owners operating in in Anambra State are yet to adopt this marketing strategy in improving their businesses. It is based on this that the study sought to examine the extent of utilisation of e-marketing technologies by Small and Medium scale business operators in Anambra state

Statement of the Problem

Anambra state is the major industrial hub in Nigeria. It harbours many entrepreneurs or business owners who carry out their sale of goods and services. Businesses carried out in these areas include production and sales of motorcycle spare parts, automobile parts, food vending, sales of computer accessories and computer services (type set-ting, cyber cafes, computer designs), and services like automobile and tricycle repairs, production of materials for building constructions, among others. However, a closer look at some of these small and medium scale businesses within the metropolis, one observes that some of their businesses are not growing

as expected. The reason for this could be lack of knowledge of effective marketing strategy such as electronic marketing strategy for improved business performance.

In China, Japan and most other industrialised nations, electronic marketing (e-marketing) have helped in their business expansion. It has helped them in spreading their tentacles to other nations for their economic expansion and dominance. However, in Nigeria most Small and Medium scale business owners (SMEs) are yet to utilise potential opportunities inherent in the utilisation of electronic marketing strategies for their business expansion. Despite the huge number of Small and Medium scale enterprises in Anambra state observations have shown that only few have electronic marketing strategies like websites, social media platforms (group facebook and whatsapp, Instagram, linkdin, twitter etc) and POSs for payments are used in the study area. Use of these media platforms would help business operators in the area to disseminate information about their goods and services within and outside the state for profit maximisation. Nwachukwu (2010) blamed the low productivity and high mortality rate of SMEs to low access to market, poor information, poor information, weak business linkage and low level of e-marketing application usage, which has deprived the SMEs the access to engaging in the regional and global economic business. This situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector groups. It is evident that small business failure can result from either a lack of marketing, or poor marketing practice. The problem of this study of e-marketing applications by small and medium scale enterprises in Anambra state, Nigeria.

Purpose of the Study

The major purpose of the study was to determine the extent of utilization of e-marketing applications by SMEs in South Eastern States as a whole and in Anambra state in particular. Specifically, the study sought to determine the extent to which the SMEs utilize:

1. e-commerce in their operations.
2. e-invoicing in their operations.

Research Questions

The following research question guided the study:

1. To what extent do SMEs utilize e-commerce in their operations?
2. To what extent do SMEs utilize e-invoicing in their operation?

RESEARCH METHOD

The design of the study was a descriptive survey design because it involved gathering opinions from managers of SMEs in Anambra state, Nigeria on their extent of utilization of e-marketing applications. The study was carried out in the South Eastern geopolitical zone of Nigeria. The population of the study consisted of 1,849 owners/managers of SMEs in South Eastern Nigeria that have their businesses registered with the National Association of Small and Medium Scale Enterprises (NASME, 2013).

A sample of 1,473 respondents was selected using stratified random sampling techniques based on the States. The instrument used for data collection was a structured questionnaire which was constructed on a 5-point rating scale with response options of Very High Extent (VHE), High

Extent (HE), Undecided (UD), Low Extent (LE) and Very Low Extent (VLE) to which values 5, 4, 3, 2 and 1 respectively were assigned for all the items in the sections. The face and content validation of the instrument was done by three experts selected from different departments and fields. The observations and suggestions of the experts were put into consideration in the final draft of the instrument. To determine the internal consistency of the instrument, a reliability estimate test was conducted by administering copies of the instrument to 20 managers of SMEs in PortHarcourt, Rivers State. Their responses were collected and data analyzed using Cronbach Alpha. A coefficient of 0.99 was obtained which is considered reliable for the study. The data for the study was collected through direct contact approach. Out of 1,473 copies of the questionnaires distributed, 1,445 were returned. The arithmetic mean and standard deviation were used to analyze data in respect of the research questions. Z-test was used to test the hypotheses at 0.05 level of significance. A null hypothesis was accepted at 0.05 level of significance when the calculated value of z was equal to or less than the critical value of z; otherwise, the null hypothesis was rejected.

RESULTS

Research Question 1: To what extent do SMEs utilize e-commerce in their operations?

The analysis in respect of the research question 1 is shown on table

Table1: Respondents mean ratings on the extent SMEs utilize e-commerce in their operations

S/NO	e-commerce	Mean	SD	Decision
1.	e-mail (Electronic Mail)	2.43	0.50	Low Extent
2.	WWW(World Wide Web)	2.30	0.42	Low Extent
3.	e-Catalogue (Electronic Catalogue)	2.21	0.40	Low Extent
4.	Hyperlinks (Web Links)	2.48	0.55	Low Extent
5.	Search engines	2.45	0.52	Low Extent
6.	e-shopping cast	2.38	0.45	Low Extent
7.	e-payment (Electronic Payment)	2.35	0.43	Low Extent
8.	Teleconferencing	2.34	0.42	Low Extent
9.	Video conferencing	2.24	0.41	Low Extent
10.	VOIP (Voice on the Internet Protocol)	2.33	0.50	Low Extent
11.	Bulletin board	2.38	0.45	Low Extent
12.	Web chatting	1.58	0.37	Low Extent
13.	Web casting	2.37	0.44	Low Extent
14.	EDI (Electronic Data Interface)	2.38	0.45	Low Extent
15.	Enterprise Portal	1.39	0.35	Low Extent
16.	Electronic auction	2.37	0.44	Low Extent
17.	EFT (Electronic Fund Transfer)	2.28	0.42	Low Extent
18.	Internet banner advert	1.89	0.39	Low Extent
19.	e-procurement	2.30	0.42	Low Extent
20.	Intranet	2.22	0.41	Low Extent
	Grand Mean	2.30		Low Extent

Table 1 revealed that the score of the respondents ranged from 2.48 to 1.39 with a grand mean of 2.30. This implies that with reference to decision rule stated in the method of data analysis,

the extent SMEs utilize ecommerce in Anambra state, Nigeria is low. The standard deviation shows homogeneity of responses indicating a greater consensus of opinion.

Research Question 2 : To what extent do SMEs utilize e-invoicing in their operations?

The analysis in respect of the research question 1 is shown on table 2.

Table2: Respondents mean ratings on the extent SMEs utilize e-invoicing in their operations

S/N	e-invoicing	Mean	SD	Decision
1.	Prepare invoice data electronically	1.88	0.39	Low Extent
2.	Convert invoice data	1.85	0.37	Low Extent
3.	Create invoice electronically	1.92	0.40	Low Extent
4.	Prepare debit note electronically	3.82	0.55	High Extent
5.	Send invoice electronically	1.82	0.37	Low Extent
6.	Receive invoice electronically	1.81	0.36	Low Extent
7.	Prepare credit note electronically	1.65	0.30	Low Extent
8.	Verify data electronically	1.82	0.37	Low Extent
9.	Process EDI files electronically	1.65	0.30	Low Extent
10.	Process XML files electronically	1.52	0.28	Low Extent
11.	Process CSC files electronically	1.81	0.36	Low Extent
12.	Certificate authorization electronically	1.79	0.34	Low Extent
	Grand Mean	1.95		Low Extent

The data presented in table 2 reveals that the mean score of the respondents ranged from 1.65 to 3.82 with the grand mean score of 1.95. This implies that SMEs managers in five South Eastern States utilize e-invoicing to a low extent in their operations. There was homogeneity in respondents' opinion indicating greater consensus of opinion.

DISCUSSION

E-marketing has many components that are capable of enhancing business activities that enhance the performance of SMEs. From the data collected and analysed, the study revealed that SMEs in Anambra state have not fully integrate e-marketing applications in their business operations. This is evidently shown in the grand mean of 2.46 and 1.95 respectively. The finding is in agreement with Adekeye (2007) who stated that effective utilization of ecommerce innovation is still low in the country. Similarly, this finding agrees with Anan (2001) who noted that SMEs in the country are yet to reap the gains of e-commerce as a result of low utilization. The low level of utilization may be a s a result of lack of knowledge and skills to effectively utilize e-commerce applications.

The result of the analysis of the data relating to the second research question indicated that SMEs extent of utilization of e-invoicing in South Eastern Nigeria is low. With grand mean of 1.96 it is quite obvious that SMEs do under utilize e-invoicing. This finding is in agreement with O'Brian (2003) who affirmed that a lot of SMEs in the country are still not making effective utilization of e-invoicing. Barclays (2003) also stated that low utilization of einvoicing is among the major problems facing SMEs in Nigeria. Testing of the second hypothesis revealed that there was a significant difference in the mean ratings of SMES managers on the extent of utilization of einvoicing marketing applications according to years

of experience. It followed therefore that the null hypothesis of no significant difference was not accepted

CONCLUSION

From the foregoing, the extent of utilization of e-marketing applications in Anambra state of Nigeria is low. This could be as a result of poor knowledge of its benefits to business development. However, the adoption of e-marketing by small business enterprise can change both the shape and nature of its business all over the world. Because the increase usage of the Internet and other electronic marketing channels in electronic transactions might create not only a lot of opportunists for small business enterprises but also can eliminate a lot of its threats.

Recommendations

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

1. SMEs owners/managers should be trained by business schools and business consultancy firms on how to use e-marketing applications. The importance of e-marketing should be clearly spelt out for them so that they can acquire the skills to fully integrate into their business operations.
2. Nigeria Association of Small and Medium Enterprises (NASME) and other associations at state level should embark on emarketing capacity building to ensure better understanding of e-marketing and the need for its effective utilization by their members. This could be achieved by collaborative efforts with relevant government agencies, educational institutions and private business consultants through the organization of seminars, workshops, conferences and training programmes for both owners of SMEs and their staff.

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