

## E-MARKETING A BOON FOR SMES OF OMAN

Mohammed Ahmar Khan<sup>1</sup>, Mohammed Abdul Imran Khan<sup>2</sup>  
Mohammed Aref<sup>3</sup> and Murtaza Farooque<sup>4</sup>

**Abstract:** *Small & Medium Enterprises (SMEs) do play a major and important role in today's world economy, and they are recognized as one of the main contributors to economic, development and employment growth<sup>1</sup>. And the revolution in information technology (IT) and communications changed the way people conduct business today. E-Marketing approach is growing up very fast all over the world and become important issues in many studies. The SMEs are the second largest contributor to the economy after the oil sector in Oman. Therefore cannot be excluded as this technology has huge impact on SMEs<sup>12, 13, 21, 22, 23</sup>. This paper addresses the role of E-Marketing and usage for achieving SMEs capabilities among SMEs in Oman. The finding shows the E-Marketed SMEs network is higher with a mean 3.47. The study also found that there is a correlation between SMEs performance with E-Marketed SMEs network, and E-commerce competency. This research also employs stepwise regression analysis to look at dominant factor in predicting SMEs performance. This research contributes to both academic research and SMEs management practice as it provides comprehensive impact of how E-Marketing can be a boon for SMEs performance at least in case of SMEs in an economy like Oman.*

**Keywords:** *E-Marketing, SMEs, Network, Competency, Performance*

### 1. INTRODUCTION

Small & Medium Enterprises (SMEs) do play a major and important role in today's world economy, and they are recognized as one of the main contributors to economic, development and employment growth. And the revolution in information technology (IT) and communications changed the way people conduct business today. In recent years, increasing numbers of SMEs have been using the Internet and other electronic media in conducting their marketing efforts, giving the chance for Electronic Marketing to grow in a very dramatic and dynamic way. Implementing E-Marketing by small and medium enterprise can change both the

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<sup>1</sup> Asst. Professor, Dept of MIS, Dhofar University, Sultanate of Oman; [mkhan@du.edu.om](mailto:mkhan@du.edu.om)

<sup>2</sup> Asst. Professor, Dept of Accounting & Finance, Dhofar University, Sultanate of Oman; [inran@du.edu.om](mailto:inran@du.edu.om)

<sup>3</sup> Asst. Professor, Dept of MIS, Dhofar University, Sultanate of Oman; [mohammed\\_aref@du.edu.om](mailto:mohammed_aref@du.edu.om)

<sup>4</sup> Lecturer, Dept of MIS, Dhofar University, Sultanate of Oman; [mfarooque@du.edu.om](mailto:mfarooque@du.edu.om)

shape and nature of SMEs businesses all over the world. Because of the increase usage of the E-Marketing tools commonly used like E-mail, Intranets, Extranets and Mobile phones in electronic transactions; might create not only a lot of opportunists for small & medium enterprises but also can eliminate a lot of its threats. From this prospective, it is noticed that the E-Marketing tools are playing a vital and essential role in conducting marketing activities within SMEs business enterprises regardless of its type or size<sup>12, 13, 21, 22, 23</sup>.

E-Marketing has opened a new relation in electronic trade without restraint boundaries, and can be reached to anyone through electronic marketing system. Development of information technology has transformed the SMEs environment. Throughout the globe SMEs have become more complex, and are striving to become more creative and innovative in order to identify and grab new opportunities for sustained business performance. Today E-Marketing has become more important and had endorsed the world market. Anyone that can access the internet can reach SMEs. Internet trade is a new era in trade relations and the entire systems of electronic markets have also been structured that provide opportunities for SMEs<sup>12, 13</sup>. As on today the population of Oman is 3286936 and there are almost 2584316 Internet users on Dec 31/14, i.e. 78.6% penetration (<http://www.internetworldstats.com/middle.htm#om>). The E-Marketing approach helps to promote buying and selling of product or services online in Oman. Thus using of E-Marketing can definitely improve business performance in Oman.

## 2. LITERATURE REVIEW

- 2.1 J Suresh Reddy<sup>2, 21, 22, 23</sup> has published article in Indian Journal of Marketing. Title of article is "Impact of E-commerce on marketing". Marketing is one of the business function most dramatically affected by emerging information technologies. Internet is providing companies new channels of communication and interaction. It can create closer yet more cost effective relationships with customers in sales, marketing and customer support. Companies can use web to provide ongoing information, service and support. It also creates positive interaction with customers that can serve as the foundation for long term relationships and encourage repeat purchases. Even cyber shopping allows customers to sit in the comfort of their homes and purchases their goods. One can shop any kind of product or service in the mind of the night and from any part of the world.
- 2.2 Vikas Bondar<sup>3, 21, 22, 23</sup> has published his article on "sales and marketing strategies". Internet is a really good thing. The Internet gives people a greater amount of information as we need. It is the best way to get a comparison of the products that we need. If we are interested in buying, it is best for us to check

the Web sites. Also if we would like to make our own Web page we can do this, without paying a lot of money. From where do we get all this information? The answer is from advertising, which we see, everywhere: on TV, on the Internet, in the newspapers and more. Year after year we get more and more new, interesting information and in the future the Internet use will increase more than now. This article explains how internet is useful tool for advertisement.

- 2.3 V.Kumar and Denish Shah<sup>4, 21, 22, 23</sup> have published research paper entitled "Pushing and Pulling on the Internet" The internet is fast emerging as a domain sales channel. The Internet is expanding it influences consumer which shifts the consumer behavior. It has changed the way product awareness is created, developed new modes of product consideration. Vikas Bondar, "Discuss how sales and marketing strategies have changed as a result of developing technology. What changes have occurred in advertising with the development of computer technology? How has developing technology expanded the marketplace for both businesses and consumers?" -Focus discipline projects business, ESL 91, Spring 2000
- 2.4 Scott F. Geld<sup>5, 21, 22, 23</sup> has written the article entitled "Cost savings between Traditional marketing and Internet Marketing". Marketing can be defined as 'whatever you do to promote and grow your business' including market research, advertising, publicity, sales, merchandising and distribution. With traditional marketing techniques all of these things are delivered in print format or in person. Internet marketing however, uses the power of online networks and interactive media to reach your marketing objectives...no paper, no telephone calls, no in person appearances. Internet marketing can save your time, money and resources. Electronic versions of catalogs, brochures, white papers, data sheets etc. don't have to be printed, stored or shipped to your customers resulting in an enormous savings in printing and storage costs. And what about manpower (or lady power) costs? It is no longer requires as many people to handle mailing and distribution of your marketing collateral...more savings. Updating catalogs, brochures and any other marketing collateral you produce can be accomplished as needed online and in lightning speed. There's no need to send revised material out to a printer and then have to wait for a revised version, a great savings in time. And, time is money. More information can be provided to customers with little if any additional cost. Adding more pages to a document online involves virtually no expense compared to the additional cost and space required to deliver the same thing in print format. You can reach more customers than ever before and it doesn't cost a penny more. There's no postage or courier charges to pay. Distribution costs are the

same whether you reach one or one million. Finally, for little or no cost you can have several electronic versions of the same catalog customized to meet the needs of different audiences. The difference between traditional and Internet marketing is money and Internet marketing improves your bottom line.

Based on the conceptual framework, it can be hypothesized that:

$H_1$ : *There is a significant relationship between E-Marketing and SMEs performance*<sup>21, 22, 23</sup>.

$H_2$ : *There is a significant relationship between E-Marketing competency and SMEs performance*<sup>21, 22, 23</sup>.

### 3. METHODOLOGY

This study uses a cross-sectional research design. At the initial stage of data collection, 30 SMEs which using E-Marketing, were involved in the study and their opinions was collected through structured questionnaire. All items in the survey questionnaires were important and relevant. And in order to increase the validity and to ensure the reliability of research findings, the survey questionnaires was developed in two languages i.e. English and Arabic languages. The survey questionnaire consists of mainly three sections:

- (a) E-Marketed SMEs network which consists of 7 items<sup>21, 22, 23</sup>,
- (b) E-Marketed SMEs Competency which consists of 4 items and<sup>21, 22, 23</sup>
- (c) SMEs performance which consists of 17 items<sup>21, 22, 23</sup>

All the Questions designed in the study met the acceptable standards at reliability analyses<sup>6</sup> (alpha Cronbach greater than 0.60). A 5-item Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5) were used to measure the responses for all the questions asked in the questionnaires<sup>21, 22, 23</sup>.

The population of this study consists of different product manufacturing SMEs which are using E-Marketed SMEs network to promote their enterprise business in Oman. Almost 50 survey questionnaires were distributed to different SMEs using a cluster sampling. A total of 45 dully filled questionnaires were collected, i.e. 90 percent survey questionnaires distributed. Probability sampling techniques required at least 30 participants and the number of this sample already exceeding the minimum sample, showing that it may be analyzed using inferential statistic.<sup>7, 21, 22, 23</sup>

Data was analyzed by using SPSS software. Firstly, to assess the validity and reliability at measurement scales, validity and reliability analyses were conducted. Secondly, to determine the collinearity problem, and further confirm the validity and reliability at constructs, Pearson correlation analysis and descriptive statistics was conducted<sup>8, 21, 22, 23</sup>.

Finally, to assess the magnitude and direction at each independent variable, and dependent variable, multiple regression analysis was recommended. All analyses used Standardized coefficients (Standardized beta)<sup>21, 22, 23</sup>.

## 4. RESEARCH FINDINGS

### 4.1. Reliability Analysis

Reliability analysis is normally used to determine the reliability or consistency. As depicted in Table 1 below, E-Marketed SMEs network had the highest reliability rate with Cronbach Alpha of 0.98, whereas E-Marketed SMEs Competency showed 0.96. Given these result, E-Marketed SMEs network and E-Marketed SMEs Competency variables were reviewed to have adequate levels of internal consistency since they meet the recommended standard of 0.60<sup>21, 22, 23</sup>.

**Table 1**  
**Reliability analysis (n=217)**

<i>Variables</i>	<i>Number of Item</i>	<i>Alpha Cronbach</i>
E-Marketed SMEs network	4	0.98
E-Marketed SMEs Competency	3	0.96
SMEs Performance	17	0.72

### 4.2. Descriptive Statistics

#### 4.2.1. Mean scores for variables

The mean scores were computed to identify the levels of SMEs performance; E-Marketed SMEs network, and E-Marketed SMEs Competency. As can be seen in Table 2 below, SMEs performance appeared to have (mean=3.20). Additionally, E-Marketed SMEs network mean was 3.47 and Standard Deviation was 0.65, whereas the E-Marketed SMEs Competency mean was 3.00 and Standard Deviation was 0.23.

**Table 2**  
**Summary of mean score analysis**

<i>Variable</i>	<i>Mean</i>	<i>Standard Deviation</i>
E-Marketed SMEs network	3.47	0.65
E-Marketed SMEs Competency	3.00	0.23
SMEs Performance	3.20	0.30

#### 4.2.2. Bivariate Correlation Analysis

The Pearson's Correlation was conducted to measure the relationship between SMEs performance with E-Marketed SMEs network, and E-Marketed SMEs

Competency and to test all hypotheses related to that. As illustrated in Table 3, the findings of correlation analysis had shown significantly positive relationships between SMEs performance with E-Marketed SMEs network, and E-Marketed SMEs Competency variables ( $p < 0.01$ ). These results evidently supported the hypotheses H1 and H2<sup>21, 22, 23</sup>.

**Table 3**  
Summary of the relationship between dependent and independent variables

Variable	Pearson Correlation Analysis		
	1	2	3
E-Marketed SMEs network	1		
E-Marketed SMEs Competency	0.342**	1	
SMEs Performance	0.638*	0.505**	1

Note: Significant at \*\*  $P < 0.01$ .

#### 4.2.3. Multiple Regression Analysis with Stepwise Procedure

The multiple regression analysis with stepwise procedure was conducted to determine the most dominant variable that influences SMEs performance<sup>21, 22, 23</sup>.

#### 4.2.4. SMEs Performance with E-Marketed SMEs network, and E-Marketed SMEs Competency

As depicted in Table 4 below, E-Marketed SMEs network, and E-Marketed SMEs Competency had stated significant influence on SMEs performance. E-Marketed SMEs network was discovered to be the most dominant predictor of SMEs performance ( $\beta = 0.450$ ,  $p < 0.01$ ), and E-Marketing SMEs competency ( $\beta = -0.132$ ,  $p < 0.01$ ). Together, these two variables stated  $R^2$  value of 0.501, suggesting that 50.2% of the variance in performance can be explained by them.

**Table 4**  
Stepwise regression of SMEs performance (n=217)

Model	$R^2$	Adjusted $R^2$	Stand. Beta	T	Sig. Value
Model 1	0.408	0.405			
Constant		4.179		53.008	0.000**
E-Marketed SMEs network		0.270	0.638	12.200	0.000**
Model 2	0.501	0.496			
Constant		3.206		18.857	0.000**
E-Marketed SMEs network		0.223	0.527	10.291	0.000**
E-Marketed SMEs Competency		0.377	0.324	6.324	0.000**

Note: \*\*  $p < 0.01$  level (2-tailed).

## 5. CONCLUSION AND FUTURE RECOMMENDATION

The findings demonstrated the significant relationship between E-Marketed SMEs network, and E-Marketed SMEs Competency with SMEs performance. The outcomes of multiple regression analysis confirmed that E-Marketed SMEs network, and E-Marketed SMEs Competency had stated significant influence on SMEs performance. Of all the predictor's variables, E-Marketed SMEs network appeared to be the most dominant variable in influencing SMEs performance. This result has also supported with previous studies<sup>9, 10, 21, 22, 23</sup>.

These findings have imposed potential implications for SMEs management to review for future plans in order for them to increase SMEs performance. The broader the scope of the SMEs activities, the more likely it is for the SMEs to use E-Marketing SMEs<sup>11, 21, 22, 23</sup>. Referring to the results, it is therefore suggested for SMEs management to increase SMEs performance by investing in E-Marketing. It will help SMEs to evaluate their current performance and will guide as to how to increase their performance.

This study provides direction for future E-Marketing research by considering the conceptual and methodology limitations of this study. Future research in this area is more interesting if the researcher consider factors as follow: firstly, performed a comparative study between the SMEs using and still not using E-Marketing. Secondly, studies involving E-Marketing users. Thirdly, the findings of this study may produce different result if this study is done in other sectors of Oman.

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