

## The Impact of E-Marketing on Business Performance in Northern Malaysia

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**Abstract:** This research is to investigate the impact of e-marketing on business performance in Northern Malaysia. This research will investigate the impact of e-marketing on business performance towards e-marketing orientation, perceived relative advantage, customer pressure and level of competition. The target respondent for this research are SMEs companies and entrepreneur with companies. Furthermore, the questionnaires were distributed through online by using simple random sampling technique. In result, 30 set of questionnaires were collected to see whether all the impact of e-marketing on business performance. This research will be analysed by using Statistical Package for Social Science (SPSS) version 25. SPSS will be using to conduct descriptive analysis, frequency analysis, correlation analysis, reliability test and multiple regression analysis. Additionally, this research shows the result which independent variable that consists e-marketing orientation, perceived relative advantage, customer pressure and level of competition has no positive relationship between strategic business performance. Meanwhile, independent variable for convenience shows that there is a positive relationship towards dependent variable. Moreover, this research shows the clearer overview regarding the impact of e-marketing towards strategic business performance. Lastly, the limitation on doing this research were identified and implication for further research were recommended.

**Key words:** *e-marketing, Strategic business performance, Perceived relative advantage, customer pressure, level of competition*

### INTRODUCTION

In Malaysia, e-marketing has been a norm thing among in business world especially with the advancement of technology along with Industrial Revolution 4.0 (IR 4.0). Over the past five decades e-marketing has grown in the business environment. Among Malaysians, 87.4% are internet users in 2018. This shows that every business must do online marketing as the internet user are prone to 'live' in social media, where ads and commercials are available. Hence, utilize e-marketing knowledge with the right tools at the right time is essential in a business these days. The major goal of e-marketing industry is to boost profits and income (28%), to stand out from competitors (21%), and to improve brand awareness (21%).

E-marketing could be defined as a complex process by applying online elements, such as a website or an e-mail, e-marketing or traditional marketing communication tools (sales promotion, advertising, communication with the public), which a company sends a marketing message to a target segment through the use of the Internet and other digital marketing methods. Since internet is effective for foreign markets, e-marketing can increase business sales even without physically

expanding the business [1], [2]. While the IR 4.0 is an opportunity to help all citizens of all classes of income and nations make use of the converging technologies to create an interconnected, human-centred future. It was suggested that traditional retailers be given continuous and unconditional support to ensure them remaining relevant and competitive with online vendors in the IR 4.0 era where online shopping has become a popular trend among generations Y and Z [3].

However, there are still business entity that are still used traditional marketing. There are factors that need to be further examined such as how e-marketing affect business performance. Previous researches have been limited in that there has not been sufficiently exploring the links between the use of internet marketing and business performance among entrepreneurs.

Therefore, this research aims to seek answer to following research questions which are:

- How does e-marketing orientation influences business performance?
- How does perceived relative advantage affects business performance?
- How does the level of competition influences business performance?

- How does customer pressure affect business performance?

As in the age of high technology, internet is becoming one of the most important technology in the everyday life of people, especially when it comes to facilitating their online shopping services. The information and communication boom in the use of the internet has made a bigger change to our everyday life and the way we conduct business. This study shows how important internet use is for the author, entrepreneurs, and online purchaser to make online transactions and for the company's performance. Authors also suggested that the strategic financial performance can improve and cutting cost of physical medium with e-marketing business utilize the electronic channel, thus, concluding that the financial performance is a part of the strategic business performance [4].

### **Strategic Business Performance**

Various studies have been conducted to study the effect of digital marketing on business performance for example the use of social media by SMEs as new strategic marketing tool [5], e-marketing implementation being generally associated with improved business performance [6], and use electronic marketing channel associated with reduction in cost and subsequently to improvement in strategic financial performance [4]. In addition, high strategic performance via market growth and improved expansion opportunities was found to be achieved through electronic marketing [7]. The enhancement of sales performance with the availability of online shopping facilities where sales, purchases and payments are more convenient than conventional physical channels have also been reported.

### **E-marketing Orientation**

In the era of digitalization and the Internet, the seller from everywhere in the world can be bought online, resulting in the distant barriers becoming a place for business [8]. Authors compares between the use of digital marketing, internet marketing and social media marketing by academicians and practitioners, and found that digital marketing is increasingly favoured [9]. This is supported by other authors saying that e-marketing is growing in popularity and is taking a critical role in company success, across all industries, manufacturing and service, in SMEs [8]. It was further suggested that the high levels of e-marketing orientation can be defined as continuously developing e-marketing business [6]. Therefore, e-marketing orientation understanding plays a key role at micro and macro-economic levels in the context of SMEs, especially as SMEs are recognized as central to economic growth and as e-marketing implementation has generally been linked to improved business performance.

### **Perceived Relative Advantage**

Perceived relative advantage is the degree of superiority and attractiveness of a company towards consumers over existing comparable goods. This is obtained by providing greater value to customers, either by reducing prices or by delivering improved quality and service that quantifies higher prices. The assumption is that SMEs are more likely to be geared towards e-marketing because they consider that their enabling technologies offer greater advantages than traditional methods [6]. The relative advantage of e-commerce is important as it explains how many advantages and suggests the company will be an opportunity to embrace or reject new technology or innovation [10]. Authors posit that if SMEs realize that their enabling technologies offer greater advantages than existing methods, they will tend to focus more on e-marketing [6]. In addition it was also underlined that perceived relative advantage may reduce transaction costs or better customer service to take the form of new markets [9]. Studies have found that organizations innovativeness and relative advantage are the reasons to e-marketing usage by organizations, however perceived ease of use was not important [11].

### **Customer Pressure**

A study mentioned that the firm strategic performance includes long-term goals like long-lasting relationship development with customer which the customer relationship is measured by customer satisfaction and customer switching [6]. While in a different study stated that internet and other related technologies are widely recognized as creating "powerful customers" with a wealth of precise and accurate, up-to-date and unbiased information [12]. The development of marketing through technologies shows that communication between businesses with customers will lead to better performance [13]. Also, it was discussed that practitioners and researchers view social networking interactivity and its ability to engage individuals and firms in seller and customer communities and involve customers in content generation and value creation as a means of better serving customers and fulfilling their needs [14]. Therefore, authors suggested that practitioners tried to use social media marketing for lasting relationship exchanges with strong emotional connections in order to further improve business performance [15].

### **Level of Competition**

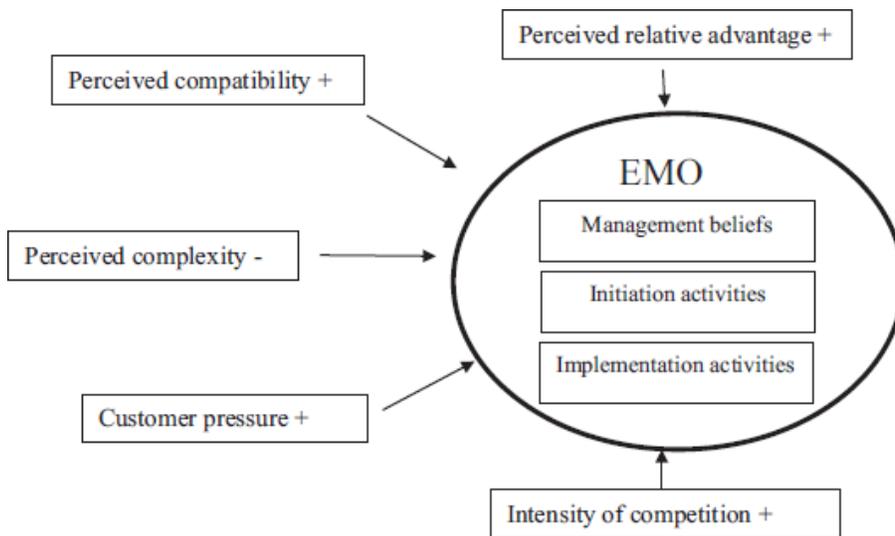
Competitor pressure reflects the level of competition in the industry. In a highly competitive environment, organizations constantly need to keep up with technological advances to avoid losing their competitive advantage. Studies claimed that e-marketing can be developed not because of its relative advantages but because of the rivals that have embraced it [6]. This

shows that the level of competition among companies are high especially among their rivals. Also, authors mentioned that social media has given SMEs a strategic opportunity to be in a global business environment and to compete with larger firms [16]. A more volatile customer demands, shorter product life cycles, the internet, new business models and many environmental challenges, the nature of competition among companies is changing along with it [17]. While some claimed that to thrive in a highly competitive environment, businesses must improve their competitiveness [18]. This is because in order to compete with different companies in terms of price, quality, and product, the company itself need to step up the game to survive in competitive environment.

**Conceptual Framework of the Study**

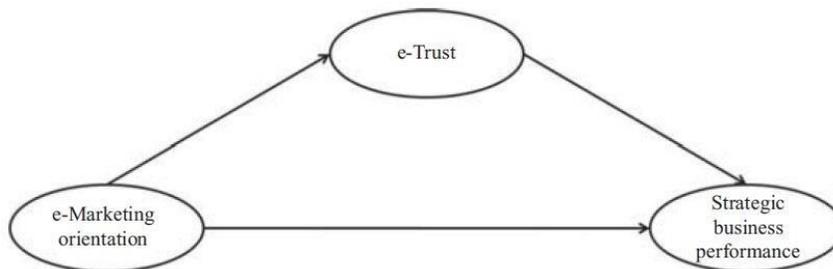
Figure 1 shows conceptual model that has adopted by [6]. It shows five antecedents that influence e-marketing. The independent variable for this model is perceived relative advantage, perceived compatibility, perceived complexity, customer pressure and intensity of competition while the dependent variable is e-marketing orientation. The result for this research shows that all antecedents have positive link with e-marketing orientation except the perceived complexity. On the other hand, Figure 2 shows the conceptual model adopted by [18] which depicts e-trust as a mediator between e-marketing orientation and strategic business performance. The research also highlighted the role of e-marketing orientation and e-trust as the mediator to improve strategic business performance.

Figure 1: Conceptual Framework by Shaltoni (2018)



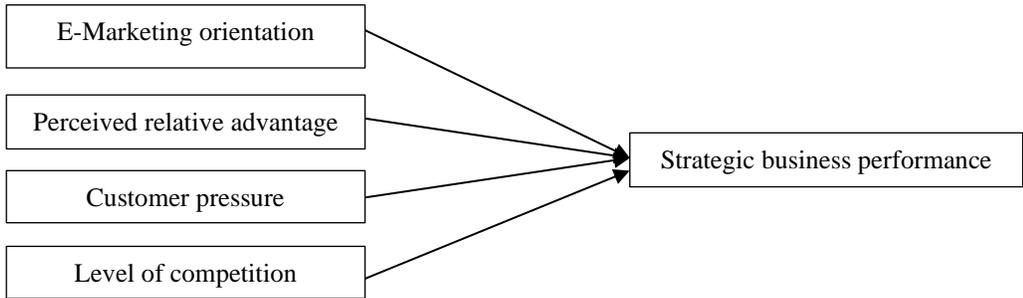
While in the diagram below, the research is focusing on the link between e-marketing orientation, e-trust and strategic business performance.

Figure 2: Conceptual Framework by Yousaf, Sahar, Majid & Rafiq (2018)



Based on review of literature, the conceptual framework in Figure 3 is proposed for this study.

Figure 3: Proposed Conceptual Framework



**METHODOLOGY**

This study is using a quantitative methodology whereby the statistics are accumulated through measuring the version constructs and manipulate variable, analysed through numerical comparisons and statistical inferences and additionally through statistical analyses. The independent variable was consisting of the e-marketing orientation, customer pressure, and level of competition while for the dependent variable are strategic business performance. Data is collected using questionnaire distribution. For this research, 30 survey questionnaires were distributed through online to the respondent via Google Form but researcher only chose qualified respondent to answer the questionnaire. In this research, the researcher used simple random sampling for the SMEs in Kedah, Perlis and Penang state in Malaysia. The respondents of this study were SMEs and entrepreneur who experience using e-marketing to improve their business performance.

**Instrument Development**

The following table describes the sources used as the basis for instrument development:

Table 1: Origins of Constructs

Constructs	Sources
E-marketing orientation	<ul style="list-style-type: none"> <li>• Shaltoni &amp; West (2010)</li> <li>• Fang et. al. (2003)</li> <li>• Lynn et. al. (2002)</li> <li>• Srinivasan et. al. (2002)</li> </ul>
Perceived relative advantage	<ul style="list-style-type: none"> <li>• Shaltoni &amp; West (2010)</li> </ul>
Customer pressure	<ul style="list-style-type: none"> <li>• Shaltoni &amp; West (2010)</li> <li>• Fang et. al. (2003)</li> <li>• Lynn et. al. (2002)</li> <li>• Srinivasan et. al. (2002)</li> </ul>
Level of competition	<ul style="list-style-type: none"> <li>• Shaltoni &amp; West (2010)</li> <li>• Fang et. al. (2003)</li> </ul>

	<ul style="list-style-type: none"> <li>• Lynn et. al. (2002)</li> <li>• Srinivasan et. al. (2002)</li> </ul>
Strategic business performance	<ul style="list-style-type: none"> <li>• Yousaf et. al. (2018)</li> <li>• Gelderman et. al. (2016)</li> </ul>

**DATA ANALYSIS**

**Response Rate**

For this study the questionnaire was distribute in 30 set of questionnaires and the author got one hundred percent of response rate which is the author got the exactly 30 in returns. The response rate is 100%.

**Content Validity**

The questionnaire was distributed to expert to verify its content validity.

**Descriptive Analysis**

Majority of the respondents were female (n = 8, 26.7%).

The survey participants were from various industry ranging from telecommunications, computer/IT to food and beverages, banking, and hospitality. In terms of age of business, majority are businesses established 1 to 3 years (n = 20, 66.7%).

**Reliability Test**

The results of reliability test analysis are as follows (figures in bracket are the Cronbach’s Alpha):

- E-marketing orientation (0.791)
- Perceived relative advantage (0.774)
- Customer pressure (0.762)
- Level of competition (0.832)
- Strategic business performance (0.863)

As all constructs achieved above 0.800, the items are considered good and suitable for further use.

**Intercorrelation Analysis**

Table 2: Correlations

Correlations					
	EMO	PRA	CP	LC	SBP
EMO	1				
PRA	.616**	1			
CP	.584**	.689**	1		
LC	.771**	.598**	.626**	1	
SBP	.590**	.666**	.665**	.0775**	1

\*\* Correlation is significant at the 0.01 level (2-tailed)

Table 2 indicates the relationship between independent variables and dependent variable which are represented by the correlation values between EMO and PRA is 0.616 or 61.6%, which is moderate correlation. Next is the correlation between PRA and EMO which is 0.584 or 58.4% that shows that moderate correlation means have moderate relationship. Next is the correlation

between PRA and CP which is 0.689 or 68.9%, which is also a moderate correlation. Next is the LC and EMO which is given at 0.771 or 77.1%, showing a moderate correlation. LC and EMO is given at 0.598 or 59.8% which is also a moderate correlation. PRA and CP also correlate moderately at 0.626 or 62.6%. In addition, SBP and EMO correlates moderately at 0.59 or 59.0%. While SBP and PRA correlates moderately at 0.666 or 66.6%. Meanwhile, SBP and CP shows a correlation of 0.665 or 66.5%, and finally SBP and LC is also moderately correlated at 0.775 or 77.5%.

**Regression Analysis**

Table 3 indicates that linear regression predicts the value of a variable based on the value of another variable. The result present that F value equal to 13.876. The mean for regression is 2.163. There is statistically significant as the regression model shows significant value with 0.000b.

Table 3: Analysis of Variance

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.653	4	2.163	13.876	.000 <sup>b</sup>
	Residual	3.897	25	0.156		
	Total	12.55	29			

a. Dependent Variable: business performance  
 b. Predictors: (Constant), level of competition, perceived relative advantage, customer pressure, e-marketing

Table 4: Regression Analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.046	0.527		1.986	0.058
	E-marketing	-0.175	0.191	-0.169	0.915	0.369
	Perceived relative advantage	0.22	0.138	0.263	1.59	0.124
	Customer pressure	0.169	0.15	0.188	1.131	0.269
	Level of competition	0.556	0.165	0.63	3.373	0.002

a. Dependent Variable: business performance

**Results of Hypothesis Testing**

From Table 4, only level of competition is found to have a significant positive relationship with strategic business performance with a beta of 0.556 and significance level

of 0.002. The rest of the factors which are EMO, PRA, and CP were found not to have a significant level of effect on SBP as the significance are above the usual significance level of 0.05.

Table 5: Hypothesis Testing Summary

Hypothesis	Statement of Hypothesis	Results
H1	EMO → SBP	Not Supported
H2	PRA → SBP	Not Supported
H3	CP → SBP	Not Supported
H4	LC → SBP	Supported

**Conclusion and Recommendations**

This research proposes is to analyse the impact on using e-marketing on business performance in term of e-marketing orientation, perceived relative advantage, customer pressure and level of competition. There are four hypotheses proposed in this study and only hypotheses 4 is accepted and found to positively affect business performance.

This result shows that e-marketing orientation which involve the implementation of e- marketing in company are not the main reason business performance can improve as they can still survive with their own marketing strategies. Moreover, the e-marketing and technology innovation in a company especially small companies are still new to some of them. Therefore, they chose to stick to traditional marketing which is through television, direct selling and word of mouth.

Next is the perceived relative advantage influence on strategic business performance. This can be explained by the fact that SMEs prefer direct communication with their customers rather than using technologies or through online. They likely to be oriented towards e-marketing usage if they believe that using e-marketing provide better advantage than their current methods.

Subsequently is the effect of customer pressure on strategic business performance. The study results show that SMEs are not affected the customer pressure. However, customers do have influence towards improvement of businesses. It is widely acknowledged that customers who have accurate, updated and unbiased information are powerful to the companies through the internet and other related technologies. Finally, is the positive significant relationship between level of competition and strategic business performance. This shows that level of competition has strong relationship with business performance as the intensity competition between other companies is a threat to the company. Thus, in a highly competitive environment, SMEs constantly need to keep up with technological advances to avoid losing their competitive advantage.

**Limitation of the Study and Recommendations for Future Research**

This research was carried out in a short time due to the restrictions imposed during Movement Control Order to combat the spread of Covid-19. Data gathering was only made using online method and it was difficult for researcher to right respondent randomly. The researcher would like to suggest a few things for future research on the same subject. Firstly, the researcher should expand the research by expand the target respondent other than northern Malaysia. Secondly, the researcher recommends to future researcher to study the e-marketing towards business performance research as the previous research are mostly from different countries and limited. Thus, the future research will likely help guide and develop further understanding of SMEs' involvement in e-marketing.

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