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## Factors Influencing the Adoption of Mobile Marketing in Small Medium Enterprises (SMEs) in Malaysia

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### Abstract

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In this era of globalization, the demands and globalization lead to an intense competition in information technology especially for Small and Medium Enterprises (SMEs). To help improve the SMEs, Malaysian government has strived to support the development of innovativeness, ruthless and also technology. Mobile marketing adoption becomes an important factor for firms to compete within the industry. Hence the main purpose of this research is to identify the element of entrepreneur's attitude and knowledge, and which product fit and technical knowledge that adapted by the firm would contribute to the highest adoption level of mobile marketing in SMEs of Malaysia. A set of questionnaires survey has been carried out to study the entrepreneur's attitude and knowledge, product fit and technical knowledge adaptability of the firm. The sample has been collected comprised of CEOs of SMEs in all over Malaysia, and analysed using descriptive analysis. The finding sees that there is a significant relationship between the adoptions of mobile marketing (dependant variable) and the branding strategy and technical knowledge availability of the firm (independent variables). However, there is one insignificant factor which is the entrepreneur's attitude and knowledge that has no impact with the adoption of mobile marketing.

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**Keywords:** Mobile Marketing; SME; Adoption; Innovation; Internal Factor

### 1. Introduction

In the view of Leppäniemi et al. (2006), mobile marketing, or also known as marketing communications in mobile media has either implicitly or explicitly, been theorized as (1) mobile marketing, (2) mobile advertising, (3) wireless marketing, and (4) wireless advertising. According to

the statistical handphone user surveys done by Malaysian Communications and Multimedia Malaysia (2014), there was a steady growth in Smartphone owners in Malaysia almost every year. At the same time, marketers too, increasing their investments into marketing activities in mobile media in order to reach their target consumers (Venkatesh, 2015). On the other hand, eMarketer (2014) also reported that there will be more than two billion of smartphone users, or one-quarter of the global population by 2016. The effectiveness of mobile marketing can be referred through the case of Dunkin' Donuts in 2011, where they have been effectively implementing mobile marketing strategy to advertise their websites, Facebook page and also Twitter. They were able to reach considerable New York Time's reader to add into their customer database by having more followers on Facebook and Twitter. However to achieve the results like Dunkin' Donut, the crucial factor that lead them to success is their ability to understand the customers.

Yet for the efficient marketing today technological capability and adoption is needed in the first place before they move on their steps towards mobile marketing. Mobile marketing also has become equally significant for most marketers because customers today rather prefer develop the behavior of interacting with the firms that provide mobile channel, as the customers become acclimatized to mobile device as a part of their habitual life (Wang et al., 2015). Based on the research from Google Shopper Marketing Council (2013), other than making procure transaction using their mobile gadgets, the customers also tend to plan their pre-shopping activities like searching for directions and store hours.

Against this background, the purpose of this study is to inspect the adoption factors by Small Medium Enterprises in Malaysia and propose the key factors in this adoption for better marketing operation planning and performance. Aside from proposing the key factors of adoption, our purpose also to develop a structure that can ease the SME's effort in achieving success in practicing mobile marketing.

## **2. Literature Review**

### *2.1. Mobile Marketing in Small Medium Enterprises*

According to Kaplan (2012), mobile marketing is the activities that achieved by consumers' mobile gadgets through a connectivity of internet network. Mobile Marketing Association (2015) also defines mobile marketing as one of the significant strategy where companies implement their advertisement through mobile channels to reach out target audiences. Mobile marketing able to reach target customers even faster compared to traditional marketing because of the ability to access by customers (Artuger et al., 2012; Hopkins and Turner, 2012). One of the important traits of mobile marketing is its measurability and effectiveness in raising brand awareness of consumers (Sezgin, 2016). Based on past research from Arslan and Arslan (2012), they have also found that mobile marketing is a cost-efficient, fast, measurable, bilateral, and customized method than direct marketing.

### *2.2 Entrepreneur's Attitude and Knowledge*

Rogers (2003) has identified the adoption of innovation requires three main stages in the process of innovation-decision, where the knowledge of an individual plays a rather passive role when

confronting to knowledge about innovation. Before the process of adoption, an individual should be an information-seeker and information-processor where they measure the advantage and disadvantages of the innovation (Rogers, 2003). Jeon et al. (2006) also agreed that the CEO of a firm should play an important role in web-based marketing adoption decisions especially among SMEs. The better knowledge CEO is the higher possibility to be likely to adopt innovation in mobile marketing. Thus it appears to be the knowledge of the head of firm becomes the one of the factor that affect the adoption of mobile marketing.

### *2.3 Branding Strategy*

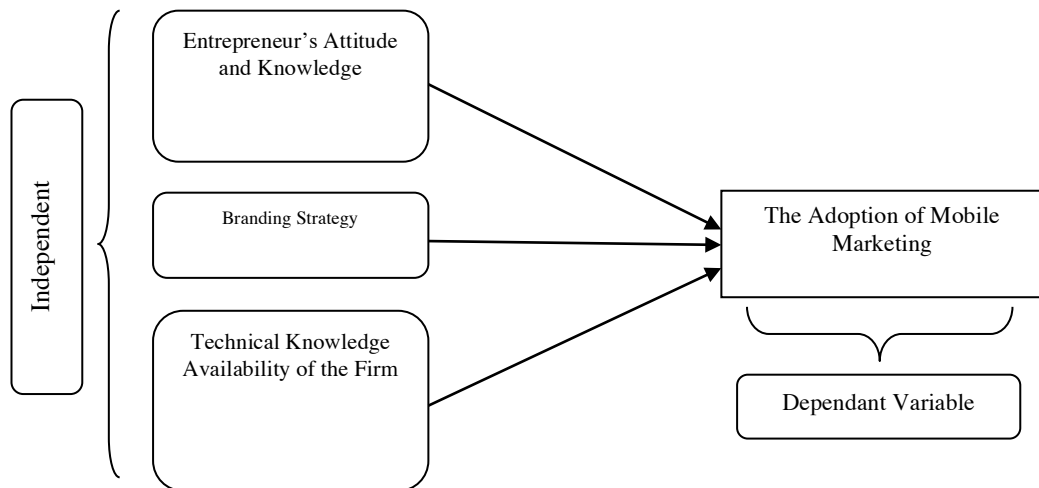
The other thread of content is that delivered through the mobile versions of websites. Zhou (2011) proposes that high quality mobile sites are important to users, and that system quality is the main factor affecting perceived ease of use which also has a significant effect on trust. The release of the iPhone in 2007 sparked an unprecedented transformation in how consumers can interact with mobile technology (Sobhany, 2010). Developments in mobile applications (apps) have created a new realm of possibilities in mobile relationship marketing. Companies can use apps to create personalised content that promotes brand engagement and gives the mobile handset a 'sustainable utility' (Chiem et al., 2010). According to the study by Watson et al. (2013), it was proven that the quality of brand awareness through mobile marketing strongly affecting the intention of consumer positively or negatively.

### *2.4 Technical Knowledge of the Firm*

According to Maya (2012), the mobile channel of social network powerhouse such as Facebook, Twitter, LinkedIn, Myspace, and Weibo allow the retailers, as well as SME to share their product information and resulting in a sale. Mobile marketers need to have the shifting abilities to target and deliver appropriate content and promotions to the right potential audiences (Grewal, 2015). Shankar and Balasubramanian (2009) emphasize the role of mobile technology adoption in the process of purchase decision, meanwhile, Shankar and Hollinger (2007) also mention some trends in online and mobile advertising and mobile marketing (Shankar et al. 2010). Grewal (2015) highlight the mobile marketer should be able to follow the needs of mobile shoppers from their search until payment process, where it should be effectively improve the quality of customer relationship management (CRM) databases and help marketers to estimate future advertising strategy accurately.

### *2.5 Theoretical Framework*

This study adopts three factors that affecting the adoption of mobile marketing which shown in the Figure 1. The three factors which are entrepreneur's attitude and knowledge, branding strategy and technical knowledge availability of the firm that act as independent variable and able to influence the adoption of mobile marketing in SMEs, Malaysia.



**Fig. 1.** Theoretical Framework of Factors Influencing the Adoption of Mobile Marketing

### 3. Research Methodology

For this specific research, descriptive strategy had been conducted as the methodology involves the formation of hypotheses that has been formulated, the selection of the design, method's data collection, determining population and sample selection, questionnaires and methods of data analysis (Weathington et al., 2009). In this research, 300 of samples has been distributed to the targeted respondent, however, only 150 of the respondents has return our surveys. The analysis from the survey continued in the next section.

### 4. Findings and Discussions

#### 4.1 Correlation

Table 7 presents the correlation among the independent variables and dependant variable that being explored. From the analysis above it is revealed that the relationships of the variables stand in moderate and weak level.

**Table 1.** Correlation

		Mobile Marketing Adoption	Entrepreneur's Attitude & knowledge	Branding Strategy	Technical knowledge availability of Firm
Mobile Marketing Adoption	Pearson Correlation	1	.124	.452**	.327**
	Sig. (2-tailed)		.131	.000	.000
	N	150	150	150	150
Entrepreneur's Attitude & knowledge	Pearson Correlation	.124	1	.604**	.012
	Sig. (2-tailed)	.131		.000	.000
	N	150	150	150	150
Branding Strategy	Pearson Correlation	.452**	.604**	1	.390**
	Sig. (2-tailed)	.000	.000		.000
	N	150	150	150	150

	Pearson Correlation	.327**	.205**	.390**	1
Technical Knowledge Availability of the Firm	Sig. (2-tailed)	.000	.000	.000	
	N	150	150	150	150

There is a weak relationship between entrepreneur’s attitude and knowledge and the adoption of mobile marketing among SMEs in Melaka (0.124), which falls under the coefficient range of “0.00 to 0.20”. On the other hand, branding strategy and the adoption of mobile marketing has moderate relationship which is 0.452, and falls under “0.41 to 0.70”. Last but not least, technical knowledge availability of the firm and adoption of mobile marketing has the second place which is 0.327, and falls under the coefficient range of “0.21 to 0.40”.

#### 4.1 Multiple Regression Analysis

From the research analysis by using Multiple Regression Analysis (MRA), R is 0.513, which is good relationship. This would means that the respondent is good on the adoption of mobile marketing via smartphone. Furthermore, the positive sign of R implies a positive relationship.

Coefficient of determination, R<sup>2</sup>, is the proportion of variance in one variable associated with the variability in a second variable. From the result it show 26.4% of the variables affected the adoption of mobile marketing via smartphone and that means 73.6% indirect factor other than variable that has been used for this study influenced the adoption of mobile marketing via smartphone.

#### 4.2 Coefficients

From the research analysis by using Multiple Regression Analysis (MRA), R is 0.513 which is good relationship. This would means that the respondent is good on the adoption of mobile marketing via smartphone. Furthermore, the positive sign of R implies a positive relationship.

**Table 2.** Coefficients

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.011	.341		5.890	.000
1 Entrepreneur’s Attitude and Knowledge	-.195	.077	-.226	-2.537	.012
Branding Strategy	.421	.076	.523	5.514	.000
Technical Knowledge of the Firm	.194	.089	.169	2.191	.030

Referred on Table 2, it presents the percentage of relationship between variables and the significant of each variable that affect the adoption of mobile marketing. The first factor, entrepreneur’s attitude and knowledge are significant to the adoption of mobile marketing as its value amounted 0.012 and it is below than 0.05. The second factor which is branding strategy is significant with value 0.000 and below than 0.05. Last but not least, technical knowledge availability of the firm also significant to the adoption of mobile marketing as its value is 0.03 which is below than 0.05.

The relationship can be denoted as the following equation from the analysis from the Table 10 above:

$$Y_{\text{adoption of mobile marketing}} = 2.011 - 0.195 \text{ Entrepreneur's Attitude and Knowledge} + 0.421 \text{ Branding Strategy} + 0.194 \text{ Technical Knowledge Availability of the Firm}$$

It can be concluded that the branding strategy is the factor that contributes the most to the adoption of mobile marketing compared to the other two variables. The value of branding strategy that influences the adoption of mobile marketing is 0.421 which is 42.1% and it is the highest value in contributing to influencing SME adoption of mobile marketing compared to the other two variables, while Technical Knowledge availability of firm has only 19.4%. However for entrepreneur's attitude and knowledge has negative relationship towards influencing the adoption of mobile marketing.

## 5. Conclusion

From the result shown in section 4, we can summarize that the independent variables of branding strategy has a greater influence towards the adoption of mobile marketing. Although the overall finding from this study concludes that there is a significant relationship between the adoption of mobile marketing (dependant variable) with the (i) branding strategy and (ii) technical knowledge availability of the firm, there is one factor that insignificant which is the entrepreneur's attitude and knowledge that has no impact with the adoption of mobile marketing. While attitude and knowledge is widely recognized, unfortunately in this study an unexpected result appeared differently in the SME's perspective. Against this background, this research should provide guidelines for future research that emphasizes in the mobile marketing activities in a detailed context.

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