

# Expanding TAM and IDT to Understand the Adoption of E-Marketing by Small Business Enterprises: An Empirical Investigation

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## ABSTRACT

*This paper aims to explore, analyze and develop a clear understanding of the different factors affecting the adoption of e-marketing by trading industrial UK small business enterprises which will build on the current body of knowledge in the field of e-marketing. This paper systematically reviews and categorises the literature related to e-marketing adoption, the use of Technology Acceptance Model (TAM) and Innovation Diffusion Theory (IDT) to understand the adoption of e-marketing by small business enterprises. Based on this review and depending on the Hanson (2001) Internet marketing framework, a three stage methodology was implemented to determine, analyze and review the different factors affecting the adoption of e-marketing from a small businesses perspective by using focus groups and survey research strategies as well as Structure Equation Modelling to analyse the data collected.*

*Keywords: E-Marketing, E-Marketing Adoption, Innovation Diffusion Theory (IDT), Small Business Enterprises, Technology Acceptance Model (TAM)*

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## INTRODUCTION

The adoption of new technologies has attracted a lot of interest from researchers and practitioners during the last two decades, to gain a better understanding of how they can be used more efficiently and effectively. Unlike new technological innovation, which often appears to occur as a single event or jump, the adoption or diffusion of that technology into practice appears as

a continuous and rather slow process (Hall & Khan, 2003, p. 1). However, there are a number of accepted theoretical frameworks that have been used by researchers to investigate the adoption and diffusion of information technology and new technologies by the business community. Moreover, recent research into IT adoption and use has been motivated by the desire to predict factors, which can lead to successful application in a marketing context (Lynn et al., 2002, p. 35; Rose & Straub, 1998, p. 39). But E-marketing is still a relatively new concept, particularly

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for small business enterprises that have limited resources and cannot afford to make unwise investments. Therefore, there is a need to have a much clearer understanding of E-Marketing problems as well as its opportunities for SBE's; and how these technologies can be used to carry out the marketing process in a more effective way than a reliance on traditional practice.

This paper aims to explore, analyze and develop a clear understanding about the different factors affecting the adoption of E-Marketing by small business enterprises which is going to build on the current body of knowledge in the field of E-marketing

## E-Marketing

Electronic marketing (E-marketing) can be viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. By reviewing the relevant literature it is noticed that definitions of electronic marketing (E-marketing) vary according to each author's point of view, background and specialization. For that, while Smith and Chaffey defines it as: "Achieving marketing objectives through applying digital technologies" (Smith & Chaffey, 2005, p. 11), Strauss and Frost define it as: "The use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals" (Strauss & Frost, 2001, p. 454). For the purpose of defining E-Marketing within this research the authors will depend on Strauss and Frost definition in conducting the current study.

## Small Business Enterprises

Small Business Enterprises (SBE's) do play a very important and major role in the world economy today and are recognised as one of the main contributors to economic development and employment growth. Regardless of the high importance of small business enterprises for any economy, it is noticed that defining it

had always been a difficult thing to do. Accordingly, there is a little agreement between researchers, practitioners, financial institutions and governmental agencies on what defines a small business. For the purpose of defining small businesses the authors will depend on European Union definition in conducting the current study. According to this definition a small business will be any enterprise that have between 10 and 49 employees, have an annual turnover or global balance less than 10 million Euros and not exceeding 25% of the capital or voting rights withheld by one or more companies (or public bodies) which are not themselves SME's.

## The Technology Acceptance Model (TAM) and the Innovation Diffusion Theory (IDT)

The Technology Acceptance Model (TAM) is proposed by Davis (1989) to explain the acceptance, usage and adoption of information technology. TAM had provided a very good base to understand the acceptance and usage of new technologies. The model had been tested for more than two decades in many different technologies and had been accepted as a successful model in predicting and explaining behaviour across a wide variety of domains (e.g., Looi, 2004; Grandon & Pearson, 2003; Dembla, Palvia, & Krishnan, 2007; Bagozzi et al., 1992; Chau, 1996; Hendrickson & Collins, 1996; Morris & Dillon, 1997; Straub et al., 1995; Szajna 1996; Taylor & Todd, 1995; Teo et al., 1999; Thompson, 1998; Lederer, 2000). By reviewing the literature it is noticed that there are a limited number of studies that had been contacted to apply the technology acceptance model (TAM) in the field of E-Marketing. The studies of Vijayasarathy (2004), Gefen (2003), Gefen, Karahanna, and Straub (2003) and Koufaris (2002) are examples of these studies. Accordingly, there is a need to conduct more researches to investigate the model from an E-Marketing prospective. Which is applicable because: according to Davis et al. (1989), TAM is considerably less general than the Theory of Reasoned Action (TRA), but it is

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