

## Chapter 6

# E-Commerce Adoption by Micro Firms: A Qualitative Investigation in the UK Tourism Sector

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### ABSTRACT

*This paper discusses the next stage of Internet usage by micro-businesses in the tourism sector, namely e-Commerce. Motivations for e-Commerce adoptions are examined and the perceived barriers are investigated. Moreover, experiences of the adopters are explored to identify the benefits gained and problems encountered. A qualitative approach is used and a pilot study conducted. In-depth face-to-face interviews with semi-structured questionnaires were conducted with twenty case studies, with a mix of e-Commerce adopters and non-adopters. The Critical Incident technique was used to encourage business owners to identify their experiences with this new business method. Preliminary results show that there are a number of 'push' and 'pull' factors that reinforce business owners' decisions in adopting the e-Commerce method. The findings have implications for researchers and policymakers. The diversity of small firms has led to the need to tailor policy initiatives and training programmes. In addition, this study is replicable in other small business sectors that face the next step of development in Internet usage.*

### INTRODUCTION

Along with e-business and e-marketing, e-Commerce over the years has been promoted as the savior of the business world and a catalyst to the twenty-first century performance in the global marketplace (Fillis et al., 2003). Presently, with

the extensive use of the internet e-Commerce has been widened and is in the state of global expansion and has influences in all the industries (Elahi & Hassanzadeh, 2009) and it has particularly played an important role in the tourism industry. Liu (2005) concluded that whereas other industries are displaying a stronger hold on traditional processes, the tourism industry is witnessing an

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acceptance of e-commerce to the extent that the entire industry structure is changing. Moreover, Poon and Swatman (1999) emphasise that widespread small business adoption of the internet is needed in order to reach a state of critical mass for e-Commerce. The rationale for investigating the e-commerce adoption in smaller firms is further strengthened by Tse and Soufani (2003) suggesting that smaller firms would become a more important engine in the new economy. Although it is being argued that small and medium-sized enterprises' (SMEs) are usually more entrepreneurial and are willing to innovate in terms of business models and operations (Jutla et al., 2002), much of the existing research to date on e-commerce has focused on the larger firms.

Specifically, it has been suggested that SMEs' adoption of the internet technology follows a sequence of stages. A large amount of literature has sought to identify and describe the different phases that SMEs move through with respect to the sophistication of their use of the internet technologies (Daniel et al., 2002; Rao et al., 2003; Mendo & Fitzgerald, 2005). Following the researcher's previous papers, this paper therefore focuses on the next stage of the Internet usage by micro-businesses. The key research question is 'how' and 'why' small Bed & Breakfast (B&B) owners make decisions in adopting or not adopting e-Commerce. Therefore, the context for the study is:

- A. The rapid growth of e-Commerce and its use in the tourism sector,
- B. The importance of this sector in the UK,
- C. IT innovation and the adoption of e-Commerce in small firms,
- D. How and why B&B owners make decisions in adopting e-Commerce with perceived benefits, associated with motivations, and factors (including attitudes) that contribute to their resistance of using e-Commerce is explored.

The method selected involves the qualitative collation of data on twenty small B&B businesses in Stratford-upon-Avon the United Kingdom, which were chosen to provide insights into 'how' and 'why' firms with established websites are relating to this new technology – e-Commerce. The discussion is based on traditional innovation adoption frameworks and the researcher critically reviewed some of the frameworks and adapted to a new framework, which is used for the context of this study. Therefore, the remainder of this paper is structured as follows: First, the background of the study is introduced, in which the relationships between Information Communication Technologies (ICTs), innovation and entrepreneurship are reviewed. Moreover, e-Commerce and its use in the tourism sector is highlighted with the importance of the tourism sector in the UK outlined; Next, a theoretical background of ICTs innovation, and e-Commerce in smaller firms, with traditional innovation adoption frameworks is reviewed and adapted for the exploration in this research. The research approach and samples are outlined with insights from findings discussed. Finally the paper concludes with the implications.

## **BACKGROUND OF STUDY**

In this section, the researcher first briefly reviews the relationship between ICTs, innovation and entrepreneurship. Second, the specific ICTs innovation: *e-Commerce* will be briefly discussed relating to the following two aspects: a) tourism sector and UK tourism, and b) micro and small firms.

### **ICTs, Innovation and Entrepreneurship**

Over decades, innovation along with entrepreneurial intents, creativity and imagination have potentially transformed our living and working patterns, in the way we communicate and

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