

# Influence of E-Commerce on Enterprises' Brand in Developing Countries. A Case Study of Small to Medium Enterprise (SMEs) in Zimbabwe

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## Abstract

Currently, most small businesses use e-commerce as a marketing tool and attach great importance to exchanging information and information about products and services. This study shows that improving internal efficiency and increasing communication are the main benefits of e-commerce for small businesses. By increasing the exchange of information, companies can cover a much larger customer area and attract new customers. Because they are aware of product characteristics, customers are happier and ready to give orders. This study shows that companies are changing a new way of finding customers that will allow them to reduce their advertising costs. At the same time, businesses are experiencing cost savings through better stagnated business. The main obstacles for small businesses are the lack of innovative culture and knowledge. Although some companies still consider the most important cost factor, this is due to the lack of understanding of e-commerce and positive effects. This in turn will lead to an end to the lack of conformity or innovation process. Another major obstacle is the lack of customer demand. In addition, the study shows that many small businesses do not benefit from these improvements, given the nature of the companies or markets that do not promote the innovation process. The results of the study showed that although access to finance could have a positive impact on SME performance, it was not fully exploited for Zimbabwe SMEs. Banks should therefore improve their lending conditions, collateral requirements and the number of years in order to improve performance. The survey results showed that management skills can have a positive and significant impact on the performance of SMEs, but only a small proportion of companies have embraced them.

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## 1.0 INTRODUCTION

The internet has become an integral part of the modern day societies and economies across the world. It has led to unprecedented transformations in the business world, communication, social interactions, research and education, governance, philanthropic pursuits and many other spheres of life. The Internet World Stats (2012) estimated that the global internet users to be about 2.4 billion, with developed nations having significantly higher internet penetration rates than developing countries. In Africa, Nigeria tops the African continent in terms of internet use while Zimbabwe ranks 10th. Between 2000 and 2008, Somalia had the highest growth in terms of users with a rate of 48,900.0% (from 200 to 89,000 users), followed by the Democratic Republic of Congo at 45,980.0% (from 500 to 230,400 users). During this same period, the number of internet users in Zimbabwe grew by 2602% from 50000 to 1351 000 users (Internet World Stat, 2012).

The importance of SMEs as a key sector in the global economy attracted attention in the literature. The overwhelming majority of businesses in the world are SMEs, with the number of SMEs globally estimated at between 420 million and 510 million (International Trade Centre, 2015). Globally, SMEs constitute more than 95% of all firms; contribute approximately 50% of GDP, and account for 60% to 70% of total employment (International Trade Centre, 2015). In both developed and developing countries, SMEs employ the majority of workers in manufacturing and service sectors (Savrul et al., 2014). These statistics and arguments showed that SMEs constitute a majority of businesses worldwide. SMEs usually represent the largest proportion of established business in most countries (Hall, 2002). In the EU, SMEs comprise approximately 99% of all firms and employ between them about 65 million people. In India the micro and small enterprises account for about 39% of the manufacturing output and around 33% of the total exports of the country. They employ an estimated 31 million persons spread over 12.8 million enterprises (<http://msme.gov.in/msme-aboutus.htm>). In both the United States and China, SMEs constitute the majority of the industrial entities (Wang, Lou, Wang, & Guo, 2015). SMEs constitute more than 50% of the workforce employed in manufacturing in developing countries such as Ghana, Turkey, and Ecuador (World Trade Organization, 2013). In Ghana, SMEs constitute 92% of businesses, account for 85% of the manufacturing employment, and contributes 70% to the country's GDP (Ali, 2013). In 2013, SMEs in Nigeria contributed 48.5% to the country's GDP, employed 84% of the total labor force, and contributed 7.3% to total exports (SMEDAN, 2013). These statistics indicated that SMEs are a significant player in the production of goods and services.

### **1.1 Statement of the Problem**

There are a number of studies that have been carried out to analyse varying aspects of e-commerce in Sub-Saharan Africa and Zimbabwe is not spared. There is an emerging gap in the studies that have been conducted in the past in most African countries. Another study carried out by (Xu and Quaddus 2009) among large companies revealed that big companies adopt e-commerce to improved efficiency and small companies can have different motives of adopting e-commerce in developing countries. For the very few studies that were carried out in Zimbabwe, studies by Dube, Chitura and Runyowa (2010) focused of electronic commerce benefits and adoption barriers in Small and Medium Enterprises in Gweru did not specifically focus on the effects of e-commerce on Small and Medium Enterprises' (SMEs) brand in Harare, Zimbabwe. In that respect the current study seeks to examine the benefits of e-commerce on SMEs' brand in Zimbabwe. The study also embarks on analyzing the costs that are associated with the use of internet in brand building. The study further examined the measures that can be utilized by SMEs to promote their brands through e-commerce.

### **1.2 Objective of the Study**

The main aim of the research is to investigate the influence of e-commerce on enterprises' brand in Zimbabwe

### **1.3 Motivation of the study**

Despite the increase in the use and its adoption by many SME in both developed and developing countries worldwide, empirical studies on the effects of e-commerce on SME in Zimbabwe are very limited. It was expected therefore that the study would make a significant contribution to the body of literature by showing how e-commerce can affect the brands of SMEs in developing countries such as Zimbabwe. The study seeks to expose measures that can be used by SMEs to booth the brands online to stimulate initiatives and support programs (public or private) required to overcome these obstacles and promote the use of e-commerce in business. The researcher also hoped that the findings would provide valuable information to SME owners and managers who may want to adopt ICT in building company names that can promote their customer and gain competitive advantage. In that respect, knowledge gained may lead to a greater number of successful e-commerce applications and its integration as a future brand management.

## **2.0 LITERATURE REVIEW**

### **2.1 Theoretical Framework: Diffusion of Innovations Theory**

The study shall be guided by the diffusion of innovations theory (DOI) by Rogers (1995). The diffusion of innovation theory is a multi-step flow theory that centers on how, why and at what rate new ideas and technology are spread through cultures operating at the individual and firm level. At the firm level, individual-leader characteristics, internal and external characteristics of the organization are important antecedents to organizational innovativeness (Rogers, 1995). According to DOI theory, people will adopt an innovation if they believe that it will, all things considered, enhance their utility. The rate of adoption of innovations is influenced by five factors: relative advantage, compatibility, triability, observability, and complexity (Rogers, 1995). The first four factors are generally positively correlated with rate of adoption while the last factor, complexity, is generally negatively correlated with rate of adoption (Rogers, 1995).

The DOI theory sees individuals as possessing different degrees of willingness to adopt innovations even though the portion of the population adopting an innovation is approximately normally distributed over time. According to Rogers (1995), there are five categories of individual innovativeness (from earliest to latest adopters). The five adopter categories are: innovators (venturesome and educated), early adopters (respectable, social leaders, popular and educated), early majority (deliberate), late majority (skeptical and lower socio-economic status), and laggards (traditional and isolates) the diffusion tradition has classified people, in terms of demographics, in explaining the variables that influence the adoption of an innovation. For that reason, some scholars often criticize that this theory may not provide a causal explanation of why and how people adopt certain technologies in their organizations. Nevertheless, when it comes to the use and choice of old and new media, diffusion theory will be suited for explaining why some people prefer to use the old media or new media, because this theory provides some conceptual guidance for understanding the adoption of some technologies or innovations. When it comes to the future of DOI theory, it is expected that the popularity of diffusion research will increase because as in recent years, new communication technologies have increased and proliferated.

### **2.2 Rival Theories**

There are several theories that could have been used in this study the researcher reviews these theories, why there were not chosen and their weaknesses.

#### **2.2.1 The Resource-Based View.**

The RBV theory links a firm's competitiveness to the firm's possession of resources. The RBV strategic paradigm considers a firm as a bundle of tangible and intangible assets or resources (Daniel & Wilson, 2003). Penrose

originated the idea of viewing the firm as a bundle of resources in 1959 (Kim, Song, & Triche, 2014). Wernerfelt (1984) elaborated on the concept of the RBV and described firm resources to include brand names, in-house technology knowledge, capital, skilled personnel, machinery, processes, and trade contacts. For firms to achieve sustained competitive advantage, they should possess resources that are valuable, rare, inimitable and non-substitutable, such that competitors cannot easily replicate the resources (Shuen et al., 2014). The RBV helps in understanding how a firm can sustain competitive advantage by using resources available to it (Kim et al., 2014). The competitiveness of firms, however, depends on the ability of the firms to accumulate resources that competitors may not easily replicate.

### **2.2.2 Empirical Studies Which Adopted RBV**

Some studies, based on the RBV indicated relationships between firm resources, e-commerce strategy, and firm performance. Yang, Xun, and He (2015) used the RBV to investigate the relationship between SME e-commerce investments and firm performance, and found that e-commerce sophistication, complimentary human resources, and complimentary business resources have positive relationships with firm performance, while IT investment has no positive association with firm performance. Sobihah, Embat, Amin, and Muda (2013) examined the relationship between e-commerce adoption and organizational performance using the RBV as a theoretical framework and found that e-commerce business network and e-commerce competency have a positive effect on organizational performance. Yu, Ramanathan, and Nath (2014) used the RBV framework to investigate the relationship between marketing capability, operations capability, and firm performance, and found that marketing capability positively affects operational capability, which in turn affects firm performance. These studies illustrate the efficacy of the RBV as a framework for understanding the effect of resources on firm performance. The studies showed how various organizational resources influenced organizational performance. The RBV is supportive of the DOI, in that both frameworks address how managers can exploit tangible and intangible resources to achieve competitive advantage. However, a shortcoming of the RBV is its failure to address the dynamic environment as well as the effect of resource management actions (Cui & Pan, 2015). Shuen et al. (2014) described the DOI as a re-engineering of the RBV to address the complex, dynamic markets that businesses encounter today. Given the dynamic nature of e-commerce business environment (Daniel & Wilson, 2003) and the failure of the RBV to address the dynamic environment (Cui & Pan, 2015), using the RBV as a framework for this study would be inappropriate. The DOI relates managerial actions and strategies to the changes in the business environment. Using the DOI is insightful in exploring how SME business owners implement e-commerce by acquiring, adapting, and reconfiguring internal and external resources to achieve competitive advantage and establish an enterprise brand.

### **2.2.3 Porter's Five Forces Framework**

Porter's five forces framework is a tool for assessing industry attractiveness. Porter developed the five forces framework in 1980 (Teece et al., 1997). Based on Porter's framework, five forces shape industry competition and profitability: the threat of entry, the power of suppliers, the power of buyers, the threat of substitutes, and rivalry among existing competitors (Shuen et al., 2014). The emphasis in using the five forces approach is to assess the industry and avoid competing in product markets where firms can only earn minimal returns (Shuen et al., 2014). Based on the five forces approach, the sources of competitive advantage are at the level of the industry within which a firm operates (Teece et al., 1997).

### **2.2.4 Empirical Studies Which Adopted Porter's Five Forces Framework**

Rajasekar and Al Raei (2013) used the five forces framework to study competition in the telecommunications industry of Oman and found that the main forces that shaped industry competition were the threat of substitutes and rivalry among competitors. Siaw and Yu (2004) used the five forces framework to analyze the effect of the internet on the banking industry and advised that managers need new strategies to deal with the changes and volatility the internet has brought to the industry. With the five forces approach, the unit of analysis for competitive advantage is not the firm but the industry. The five forces framework is relevant when studying the attractiveness of an industry.

The five forces framework is a contrasting theory to the DCF. Teece (2007) argued that the DOI represents a shift from the five forces framework, as the unit of analysis in the case of the DOI is not the industry but the business ecosystem. One of the criticisms against the use of the five forces framework is that the framework provides no strategic direction to managers regarding how they can compete by managing their firms' resources (Shuen et al., 2014). The five forces approach ignores issues of skills, knowledge, and the firm's development path (Teece et al., 1997). The five forces framework is a tool to assess the level of industry attractiveness and does not provide strategic insight or specify strategic actions a firm can take to compete effectively in its industry (Dobbs, 2014). Because the five forces framework is a tool to assess the level of industry attractiveness, and the five forces framework provides no strategic direction to managers regarding how they can compete by managing their firms' resources, using the five forces framework for this study would be inappropriate. Using the DOI is insightful in exploring how SME business owners implemented e-commerce by acquiring, adapting, and reconfiguring internal and external resources to achieve competitive advantage.

## **2.3 Understanding SMEs and E-commerce**

### **2.3.1 (Small and Medium Enterprises) SMEs**

SMEs consist of a heterogeneous group of firms found in a wide range of business activities globally (Dan, 2014). The socioeconomic contributions of SMEs are evident in different countries and regions. Despite its growing importance, a controversy exists in the literature as to what an SME is. Faloye (2014) argued that there is no universally accepted definition of what constitutes an SME. The definition of SME varies with nations and regions (Jahanshahi, Zhang, & Brem, 2013). Indices used to classify firms into micro, small, and medium enterprises include the number of employees, size of capital, sales, and assets (Aigboduwa, & Oisamoje, 2013). In Iran, SMEs are firms having between 10 and 250 employees; in Malaysia, SMEs are service enterprises having between five and 50 fulltime employees, or manufacturing enterprises having between five and 150 full-time employees (Jahanshahi et al., 2013). Within the European Union, SMEs are firms having greater than 10 but less than 250 employees (European Union, 2015). An SME in the European Union also must have a turnover of between 10 million euros and 50 million euros, or a balance sheet total of between 10 million euros and 43 million euros (European Union, 2015). In Nigeria SMEs are firms employing 10 to 199 persons and having total assets (excluding land and buildings) of more than 5 million naira but not more than 500 million naira (SMEDAN, 2013). SMEDAN classified as micro enterprises, firms with employees not exceeding nine and total assets (excluding land and buildings) of less than 5 million naira (SMEDAN, 2013). From the preceding definitions, there is no globally applicable definition for SME. This lack of a global definition for SME makes it imperative for researchers defining SME to do so in context. The case of the United States is unique, as no standard definition exists for SME that cuts across all industries. In the United States, an SME may refer to a firm from a small-office-home-office (SOHO) to a large corporation (Dan, 2014). The United States classified small businesses according to industries. Although the United Kingdom and the European Union have simple definitions applied to all industries, the United States has established size standards for each industry under the North American Industry Classification system (Arafat & Ahmed, 2013). The most common size standards for small businesses in the United States are 500 employees for most manufacturing and mining industries, 100 employees for wholesale trade industries, and for most retail and service industries the set size standard is \$6 million of annual receipts (Arafat & Ahmed, 2013). The lack of a clear definition for SME in the United States represents a departure from the pattern observed in other countries mentioned above. Researchers discussing SMEs in the context of the United States may need to give explicit information about their definitions for SME or small business.

### **2.4 E-Commerce Business Models and Trends.**

There are different categorizations of e-commerce regarding business models. Agwu and Murray (2014) identified seven models of e-commerce from literature: customer-to-customer (C2C), business-to-customer (B2C), business-to-business (B2B), customer-to-business (C2B), customer-to-government (C2G), business-to-government (B2G), and government-to-citizen (G2C). The B2B and B2C constitute the two main categories of e-commerce (Carlucci et al., 2014; Ghobakhloo, Hong, & Standing, 2015). The designation of each business model is a reflection of the nature of the transactions and the parties involved in the transactions. The transactions may involve individuals, businesses, and the government. The categorization of e-commerce as either B2B or B2C model depends on the nature of the transactions and the parties involved in the transactions. The B2B e-commerce model enables companies to use Internet-enabled technologies or applications to buy and sell goods, as well as share information with their business partners (Sila, 2015). The B2C e-commerce model enables businesses to provide goods and services to individual consumers through the Internet (Masoud, 2013; Huseynov & Yildirim, 2016). Examples of B2C activities include online shopping, Internet banking, and online travel services (Huseynov & Yildirim, 2016). Whereas B2B e-commerce transactions are between businesses entities, B2C e-commerce transactions are between a firm and the firm's customers. Online retail e-commerce stores operate on the B2C model. Emerging trends in e-commerce include mobile commerce (m-commerce) and social commerce. Deng and Zhang (2014) described m-commerce as electronic transaction carried out using mobile devices such as smartphones. Rapid growth in commerce in developing countries of Asia and Africa because of increasing use of mobile devices has facilitated the growth in global e-commerce (Deng & Zhang, 2014). In the United Arab Emirates (U.A.E.), more people are using mobile phones than personal computers for online shopping, as 29% of Internet users in the U.A.E. have bought products using their smartphones compared to 26% of users who made purchases using their personal computers (Muhannad & Ahmed, 2014). The growing number of smartphone users is a key driver of the growth witnessed in m-commerce. The growth in m-commerce, on the other hand, is a key contributor to the growth in global e-commerce. Social commerce is one of the emerging trends in e-commerce. Social commerce is a new stream in e-commerce that involves social interactions of people on the Internet through social networking sites (Hajli, 2013). Through social commerce, businesses can reach consumers with greater efficiency than traditional retail outlets by integrating user generated content into the storefront (Zhou, Zhang, & Zimmermann, 2013). Social commerce involves delivery of e-commerce via social media sites such as Twitter, Facebook, and LinkedIn, driven by developments in Web 2.0 technology (Hajli, 2013). Social media affords consumers the opportunity to promote

their products and services (Abed, Dwivedi, & Williams, 2015).

## 2.5 Levels of E-Commerce Adoption

There are various levels of e-commerce adoption. Ghobakhloo and Hong Tang (2013) described e-commerce adoption as a technological innovation adoption that involves different stages. Thong (2001) described technological innovation as a multi-stage process involving three stages: adoption, implementation, and post-implementation. According to Thong, the adoption stage is the decision-making phase to adopt a new technology; the implementation stage involves going ahead to implement the new technology after the firm takes a decision to adopt the technology, while the post-implementation stage is a post-evaluation phase that provides organizational learning. Based on these arguments, e-commerce adoption follows a logical time sequence, starting with the decision-making phase and ending with the post implementation phase. Discussed next is another perspective that described the levels of e-commerce adoption based on the transactions carried out from a website. Some scholars described the levels of e-commerce adoption from transactions perspective. E-commerce adoption progresses from simple initiation adoption using technology to carry out low-level activities, to usage of advanced and integrated technologies to perform sophisticated commercial transactions (Abou-Shouk, Megicks, & Lim, 2013). Al Somali, Gholami, and Clegg (2015) proposed a stage-oriented model for e-commerce adoption, which incorporates three stages of e-commerce adoption among firms. The first stage of the e-commerce adoption process proposed by Al-Somali et al. (2015) is non-interactive e-commerce adoption; the second stage is interactive e-commerce adoption, and the third stage is the stabilized e-commerce adoption at which point a firm uses e-commerce to carry out web-based transactions such as online purchase of goods and services. Based on the transactions perspective, the final stage of e-commerce adoption by a firm is at the point where someone could execute full commercial transactions from the company's website.

## 2.6 Benefits of E-commerce on Enterprises

### 2.6.1 General Benefits

Advancements in Internet technology have influenced the world of business and led to new strategies of competition, new business models, and new management approaches by firms (Agwu & Murray, 2015). The Internet has resulted in the emergence of new business models, has affected the social life of people (Xiang, Wang, O'Leary, & Fesenmaier, 2014), and has become an innovative tool for marketing products and services (Clemes, Gan, & Zhang, 2014). The innovations in business models, goods, and markets because of the technological changes brought about by the Internet form the foundation of e-commerce (Elseoud, 2014). The Internet is the foundation that led to the development and growth of e-commerce systems. In addition to being a catalyst and driver of e-commerce, the Internet has contributed to the emergence of new business models and new strategies of competition.

E-commerce may aid SMEs international expansion by providing an attractive distribution channel for exports (Frackiewicz & Grzesiuk, 2013). Globalization, aided by advances in technology, logistics, and distribution has contributed to e-commerce growth. With the Internet interconnecting global supply chains, globalization may lead to increased electronic transactions for goods and services worldwide. SMEs could leverage the opportunities created by globalization to sell their goods internationally. Globalization creates an opportunity for distribution of goods produced only in certain countries to other countries, and SMEs can take advantage of this opportunity to access to foreign markets (Dan, 2014). SMEs may leverage their small sizes by offering specialized goods and services (Savrul et al., 2014). Globalization, however, involves costs, risks, and requires certain knowledge and experience, process and cultural change, and SMEs have limited financial and human resources to embrace globalization (Dan, 2014). SMEs need to implement competitive strategies to succeed in the globalized environment, and instead of competing against large international firms, SMEs may adopt e-commerce technologies to expand into global markets (Savrul et al., 2014). With increasing globalization, SMEs have more opportunities to sell their goods and services internationally. Considering their resources constraints, adoption of e-commerce and offering of specialized goods and services are strategies that may help SMEs to succeed in the globalized environment.

E-commerce adoption by firms can lead to rationalization of business processes, cost savings, and productivity gains (Savrul et al., 2014). Adoption of ICT by firms can lead to improvement in the coordination of processes and automation of tasks that are repetitive (Alonso-Almeida & Llach, 2013). E-commerce can help small businesses improve efficiencies, increase revenue, and achieve a competitive advantage (Dan, 2014). Dan (2014) argued that by selling products directly to end users without intermediaries, SMEs using e-commerce could achieve better competitiveness through a reduction in transaction costs. Key benefits of e-commerce to firms include the possibility of achieving competitive advantage through cost and efficiency gains. Discussed next are some other benefits that firms may derive from the use of e-commerce. Some scholars argued that firms using e-commerce might achieve improvements in customer service and supply chain management. Compared to traditional businesses, firms using e-commerce have the advantage of reduced links, better speed, and lesser pressure on

inventories (Elseoud, 2014). Khan, Liang, and Shahzad (2014) argued that ecommerce provides efficiency gains through cost reductions and improvement in supply chain management. Hande, Ghosh, and Govil (2015) underscored the importance of ecommerce firms having robust supply chains to achieve on-time delivery and inventory management.

E-commerce provides a platform for SMEs to provide a more efficient and faster customer service, as e-commerce firms may add online customer services such as package tracking systems, which can reduce customer phone calls and save cost (Dan, 2014). Findings by Jahanshahi et al. (2013) indicated that enhancement of company brand and image, reduction of transaction costs, and customer service improvement were some of the benefits reported by SMEs for adopting e-commerce. These arguments indicated that e-commerce use by firms might lead to improvements in customer service and supply chain management. Improvements in customer service and supply chain management may help a firm to achieve competitive advantage. Local manufacturers could leverage export opportunities with e-commerce. Manufacturers can take advantage of e-commerce to sell beyond their traditional markets and expand sales to new overseas markets (Frackiewicz & Grzesiuk, 2013).

With ecommerce, small local producers of goods can sell directly to consumers, which reduces the organizational distance between producers and consumers and creates an opportunity for market expansion from local to global (Carlucci et al., 2014). Frackiewicz and Grzesiuk (2013) argued that with e-commerce, SME exporters have the opportunity to sell their products on a global scale without the need to incur costs involved in setting up foreign offices. A study by Gomez-Herrera et al. (2014) on the drivers and impediments of cross-border e-commerce in the European Union showed that while distance-related trade costs reduced compared to offline trade in the same goods, language-related trade costs increased. The findings of Gomez-Herrera et al. showed that online trade introduces new sources of trade costs such as parcel delivery and online payment systems costs. Through e-commerce, local producers may export their products that meet export requirements to overseas markets. The export of locally produced goods to overseas markets may lead to increased revenues and profitability for the local producers.

### **2.7 Disadvantages of E commerce**

According to Kaplan and Haenlein (2010), stated that the use of internet lacks privacy. In that vie, information can be available even to competitors which can be detrimental to the growth of the organisations. Kaplan and Haenlein (2010), explained that using social media to promote one's brand, products, or services can also implicate trust, privacy and data security issues, hence, it is important for companies to be aware of these issues and takes appropriate measures to minimise their exposure to liability related to personal data collection, use and maintenance. Companies that administer their own blogs or other social media platforms should also maintain comprehensive policies that disclose the company's data collection, use and storage practices, and any responsibilities that third parties have regarding privacy and data security.

Another challenge that was identified by them is the compatibility of technology systems which has affected most SMEs in developing countries and was seen as being fuelled by both trust and technological standards among trade partners and service providers. In that view, Rubinstein and Griffiths (2001) stated that there is need for partners to have an adequate level of trust among players in order to willingly build standardized platforms for information sharing.

### **2.8 Brand Management and E commerce**

One important attribute of brand management is the ability to react to changes in society and market dynamics, so that good communication of brand essence is established and sustained. Key factors militating against easy brand management include rapid changes in the business environment (market complexities, competitive pressures, global forces) and the challenges of information management (with the advent of advanced information technologies that allow information to be abused as easily as it is mis-managed). Establishing *online* brand recognition that complements the *offline* brand will reduce the risk of failure. Small businesses are likely to fail in the Internet environment if they do not realize that some Internet solutions are designed for large businesses, and do not particularly fit the needs of small businesses. Information management that is crucial for building online brand and managing customers' relationship on the Internet could not support small business e-commerce initiative. Ward (2014) argue that unlimited information access on the Internet supports the need for building online brand to save customers' time and search cost . Though too much information on the Internet can be problematic to customers, small businesses need more information (rather than too little) in order to develop and deploy successful branding strategies. A small business that is already uniquely established knows its product and service offering, as well as its target market. With the information provided by the Internet, managing the expansion of these target markets nationally and internationally will be more easy and cost effective than without the Internet. In a highly competitive virtual environment small businesses armed with sufficient competitors' and customers' information could create brand association to locate and respond effectively to each target market. According to Varian (2016) the information management ability of small businesses will remain relevant despite the changes that will be

introduced by the Internet. Varian argues that unique brand strategy and up-to-date customer information accentuates the brand management effort of small businesses.

Internet technology has changed the traditional (brick and mortar) cycle of product development, distribution and retailing to what is sometimes referred to as “brick and click”; the difference with information flows enabled by the Internet is that customers’ tastes and needs can be observed, tested and analyzed throughout the product development cycle (Varian,2016) – what the market needs can be far more easily seen, at all points in the chain of supply. This visibility provides opportunities for changes in management philosophy, seeking simplicity and pragmatism in business operations where there was once chaos and confusion. For example, Dell’s made-to-order computers, Dunhill’s customized software and Google are a few examples that illustrate how technology has been used profitably to satisfy customers’ needs. If investments in Internet technology have not been successful, we have to realize that it might not be a consequence of poor technology. Rather, it might be the result of inadequate business competencies, such as a failure to develop a viable business strategy properly based on brand management and linked to Internet implementation issues. A holistic approach is needed to improve business to-business, business-to-consumer and business-to-employee relations, all of which stand to benefit from good brand management.

### 3.0 METHODOLOGY

#### 3.1 Research Design

The research design was defined by Kumar (2019) as a set of specific methods and procedures of data collection and analysis that serve the master plan of problem-solving. Silverman (2016) highlight it as a solution finding mechanism of research. He also outline or plan that is used to generate answers to research problems. The researcher will make use of descriptive research design. Kumar (2019) highlights that a descriptive research is valuable for surveys because it provides the conditions for flexibility, clarification of the research problem and lowers the chances of there being bias

#### 3.2 Sampling and Sampling Procedure

The population will be the players in different enterprises, small, medium and large enterprises. Participants will be selected from five different cities in the country. The size of the sample will be 70 participants who will be selected through systematic sampling technique and purposive sampling. This is done to get prior information before using questionnaires for data collection. About 60 questionnaires will be administered to those participants selected through systematic sampling and the remainder will be telephoned for semi structured interviews after purposively selected. Systematic sampling technique includes randomly selecting the first item to sample and then selecting subsequent activities at regular interval. Systematic sampling technique is simple to interpret and to carry out once the first interval is found. Another reason why the researcher opts to use systematic sampling technique is that the population is guaranteed to be evenly sampled without the risk that the same points are clustered together. The researcher will also use purposive sampling technique. 10 participants will be selected using this sampling technique. The sampling technique considers deliberate selection of particular units of the universe for constituting a sample which represents the universe. According to Kurma (2011), purposive sampling can be very useful for situation when one has to reach a target sample. The researcher choose this technique because it is easy to collect specific and required information which suits the objectives of the research since the information is taken from chosen experts thus less time consuming.

### 4.0 RESULT, FINDINGS AND ANALYSIS

#### 4.1 Introduction

This chapter presents the data. The data was gathered through questionnaires administered to 60 respondents and interviews at 10 SME companies, data is presented through tabulation, charts and descriptive statistics. Corroboration was done through qualitative research methods which led to thematic presentation of the results as derived from the objectives.

#### 4.2 High Response Rate

Table 4.1 Rate of Response

Industrial level	Target	Actual	%Response
Micro	20	18	90
Small	20	14	70
Medium	20	20	100
Total	60	52	86.7

Source: Field Survey March, 2020

The study was characterized by a high and excellence response rate. 60 questionnaires were posted with 52 questionnaires returned. Thus this gave a % response rate which is high enough to warranty validity of the research

as supported by above thirty percent is considered enough to warrant validity and reliability. Contrary to the above scholarly view the researcher is basing his response rate on Mangione (1995: 60–1) basis he has provided the following classification of bands of response rate to postal questionnaires: over 85% excellent, 70–85% very good, 60–69% acceptable, and 50–59% barely acceptable and below 50% not acceptable.

**Table 4.3 Summary of Industries**

Type Of SME	Number Selected	Type Of Industry	Number of Selected Per Industry
Micro	3	Fashion, design and textiles	1
		Production/ Manufacturing	1
		Automotive	1
		Retail, wholesale trade	0
Small	3	Fashion, design and textiles	1
		Production/ Manufacturing	0
		Automotive	1
		Retail, wholesale trade	1
Medium	4	Fashion, design and textiles	0
		Production/ Manufacturing	2
		Automotive	2
		Retail, wholesale trade	0
<b>Total</b>	<b>10</b>		<b>10</b>

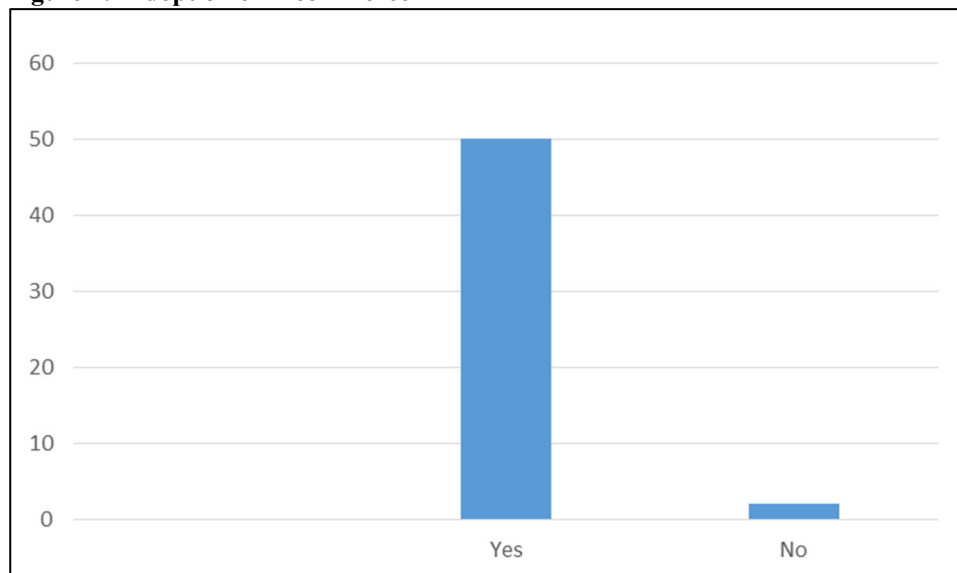
The study targeted micro, small and medium industry in the SME sector, sub grouped into 4 categories per SME type. Of the subgroup[s 4 had no representation which is retail and wholesale trade under the micro industry, production or manufacturing in small scale industry, fashion, design and textiles and retail and wholesale trade under the medium industry.

#### 4.4 Advantages / Benefits of E-Commerce on SME Brands

In addressing the main aim of the study which is to determine the role of e commerce on SME brands, a wide array of issues emerged from the study which are thematically grouped into themes.

##### 4.4.1 SMES use of E commerce in Zimbabwe

**Figure 1: Adoption of E-commerce**



Source: Field survey March, 2020

To fully understand the impact of E commerce on SMEs the researcher deemed it imperative to have an understanding of SMEs who have adopted the use of e commerce. From the finding the majority of participants which is 50 have adopted e commerce in a bid to enhance their brand. So the researcher saw it imperative to dropout the 2 companies who do not use e commerce platforms from the rest of the study.

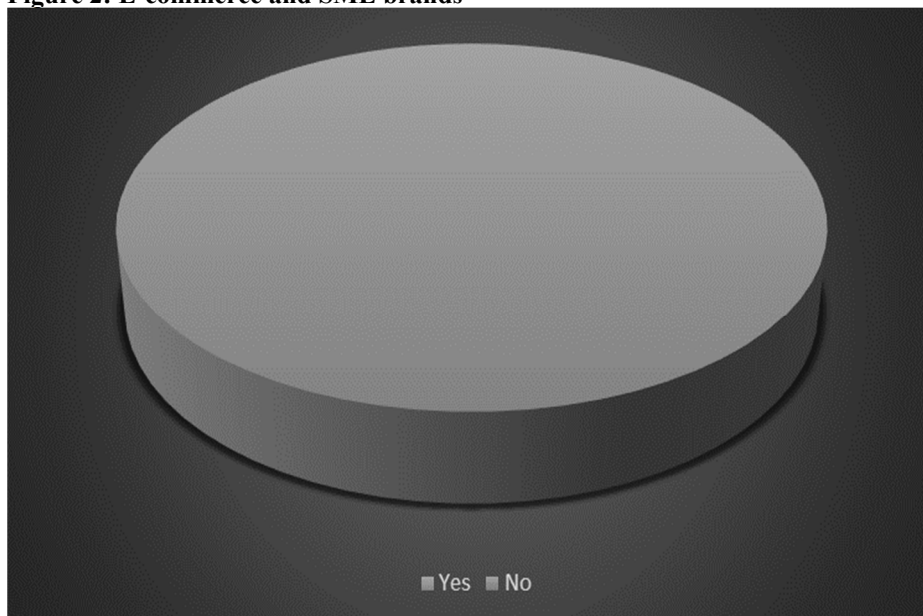
##### 4.4.2 Perceived Impact of E-commerce on SMEs Brand

From the survey all of the participants highlighted that they felt e commerce had benefits on their brand(see Fig 2 below).Data was also corroborated by interviews were it emerged that SMEs play a pivotal role in promoting SMEs trademark. An interview with an automotive entrepreneur on 19-03-2020 yielded that his companies brand had become popular after he established a website leading to a larger consumer base, he highlighted that his sales



have since increased after adopting online selling. The finding is in tandem with the literature adopted in the study where it is argued Ecommerce adoption by firms can lead to rationalization of business processes, cost that savings, and productivity gains (Savrul et al., 2014). Adoption of ICT by firms can lead to improvement in the coordination of processes and automation of tasks that are repetitive (Alonso-Almeida & Llach, 2013).

**Figure 2: E-commerce and SME brands**



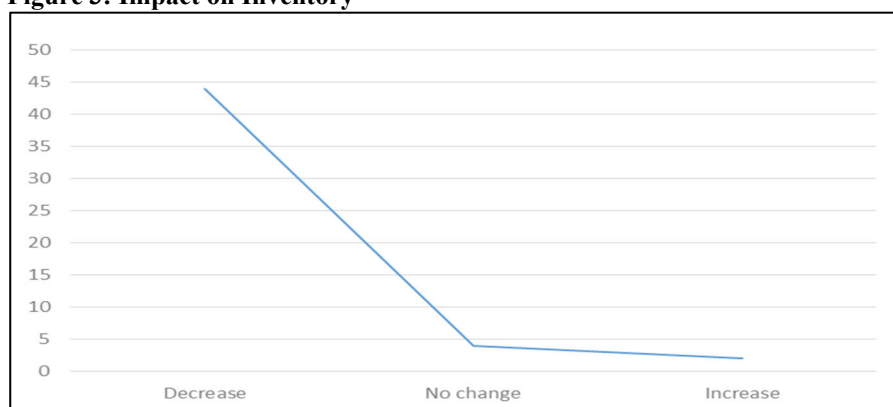
Source: Field survey March, 2020

#### 4.4.3 Indicators of Ecommerce Impact

##### 4.4.3.1 Decrease in Observed Inventory

According to the majority of respondents supported the view that e commerce has led to reduction of inventory levels (see fig 3 below) due to an improved market. The findings shows that the SMEs are managing to sell more products to customers through e-commerce. The decrease in inventory an impacted by adoption of e-commerce by SMEs was corroborated by an interview with a manufacturer who explained that the adoption of e-commerce made it easy to manage products moving in and out of stores. From his own point of view e-commerce increase their companies customers base which in turn led to an increase in the consumption of their products. Compared to traditional businesses, firms using e-commerce have the advantage of reduced links, better speed, and lesser pressure on inventories (Elseoud, 2014). Khan, Liang, and Shahzad (2014) argued that ecommerce provides efficiency gains through cost reductions and improvement in supply chain management. Hande, Ghosh, and Govil (2015) underscored the importance of ecommerce firms having robust supply chains to achieve on-time delivery and inventory management.

**Figure 3: Impact on Inventory**



Source: Field Survey 2020

#### 4.4.4 Improvement of trademark through Information accuracy and honesty

**Table 4.5 : Information Accuracy**

Accuracy Categories	Frequency	Percentage
Poor	3	6
Indifferent	15	30
Excellent	32	64
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Field Survey 2020*

From the table 5 above, 32(64%) respondents from the survey feel that after adopting e commerce their brand improved due to the excellence of information accuracy provided by their online websites and social media sites which is constantly updated. Reliable information helps in positioning of the organization competitively. The findings were corroborated by an interview on 22-03-2020 with an expert in the field of e commerce who hinted that e commerce platforms give SME customers the informed nature of products and operations and are actively involved thus giving organizations a competitive advantage over rivals. The citizen, the zealot, and the crank armed with a laptop have the power to undo a brand's reputation with a single click. He argued the Web has the ability to keep brands honest, to push products and services, as it helps people to make choices and even people are faced with more choices and information because of this medium.

#### 4.4.5 Improved Brand Due To Flexibility in Reporting

**Table 4.8 Flexibility on Reporting**

Categories	Frequency	Percentage
Rigid	13	26
Indifferent	11	22
Flexible	26	52
<b>Total</b>	<b>50</b>	<b>100</b>

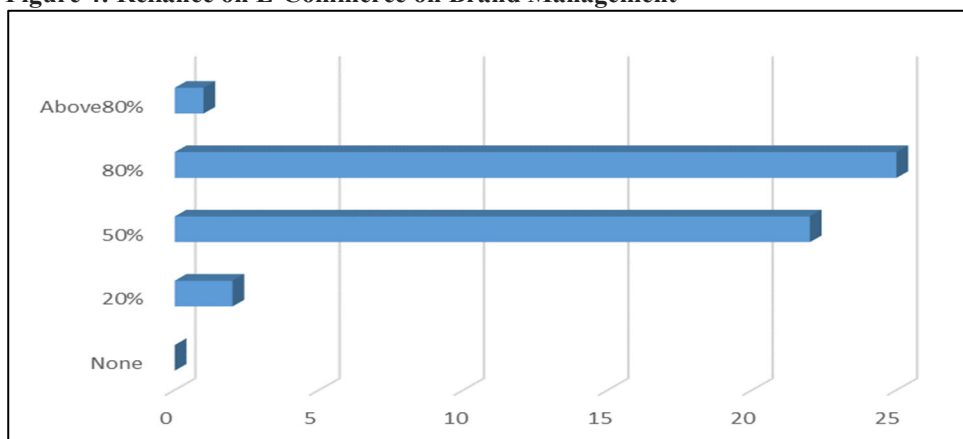
*Source: Field Survey 2020*

It emerged from the survey that SMEs have become structural just like large companies due to option of internal e commerce technologies such as ERP, with participants highlighting that after adoption of e commerce reporting had become flexible. Reporting departmental issues, such as financial reports, disciplinary reports and monthly and annual reports to management is essential for the viability of an organization. According to Ross (2009) E-commerce can help in integrating financial data (for instance, integrating revenues in the sales function with expenses in the procurement function), which leads to easier and faster preparation of periodic financial reports. This data was validated by data from the field survey were it emerged most respondents strongly agreed that reporting had become flexible with the availability of e commerce such as the ERP system. Corroboration of the issue was done through an interview with a key informant who highlighted that the barriers of bureaucracy in SMEs have been shattered by the ERP system, he narrated that traditional forms of reporting took so long and marked improvements have been noted. The role of reporting is important as it provides the impetus for customer management and accountability functions which in turn builds trust for the effective implementation of the competitive advantage strategies and brand building.

#### 4.4.6 Reliance on E-Commerce on Enterprises Brand Decision Making

The results shows that there is a heavy reliance on e commerce on decision making which is 50% of participants. According to the data, the majority of respondents supported that decision making is resting upon e commerce platforms. The findings concur with those of Davenport (2004) who argues that the ability to inform ate, allows organisations to transform the revealed that the ability to make informed decisions for improved business performance was the foremost benefit that organisations were competing for (Davenport et al., 2004). The above claims are supported by recent research findings. The needs to enhance organisations' productivity, data integration and both individual and consolidated decision making capabilities remain the top-most benefits organisations seek to gain. Consolidated data into information and knowledge for empowered decision-making.

**Figure 4: Reliance on E-Commerce on Brand Management**

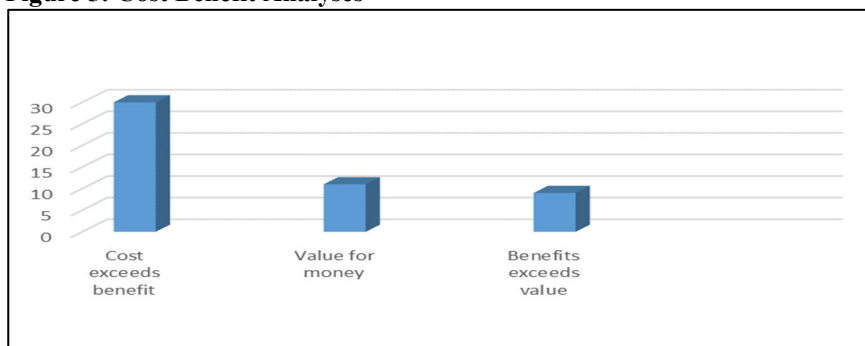


Source: Field Survey 2020

#### 4.4.7 Costs Associated With E Commerce on SMEs Brand Cost Exceeding Benefit

While research has identified many benefits in E-commerce adoption, there are also costs involved. These tables are critical in the functioning of the system and properly allaying each table is demanding. It is common cause that every organisation to be viable benefits should exceed cost however, this is not the case when it comes to licensing of some e commerce platforms such as SAP ERP. As elucidated by literature ERP systems are based on individual users, they necessarily require the payment of individual licenses for their use, resulting in high total cost of ownership. This view was corroborated by findings as the annual license cost per user is of SAP at one automotive medium industry is 1200 dollars. The researcher sought to seek clarity on the benefit of vs cost of E commerce on SMEs. From the survey as represented by Fig 5 below it emerged that most respondents felt that the cost exceeds benefit.

**Figure 5: Cost Benefit Analyses**



Source: Field Survey, March 2020

The issue was further corroborated by two interviews with key informants. It emerged from the interviews that SMEs need an average of ZWL 2000 a month in order to stay online on their different e-commerce platforms. According to Ms MN the money needed for them to stay online is too much as compared to financial benefits reaped by SMEs.

#### 4.4.8 Measures to Promote Uptake of E-Commerce in Zimbabwe

Failure to move from traditional organizational culture emerged as a key impediment to the uptake of e-commerce by SMEs in Zimbabwe. Educating SMEs players emerged as one way to improve the uptake of ecommerce. One respondent highlighted the need to improve on areas lagging behind in the SME industry and fully equip SMEs with necessary training and knowledge of the importance of ecommerce. He noted that uptake on e-commerce can be realized through moving away from resistance to new technologies and clinging to traditional forms of organizational culture. Findings indicated that most of the problematic issues stem from and reflect organization and human related issues such as lack of understanding the scope of implementation, top management commitment, proper implementation strategy, proper vendor selection, project management, user training and education, quality of Business Process Reengineering (BPR), end user involvement and lack of experienced implementers.

## 5.0 SUMMARY

### 5.1 Summary

Based on the background of the context of the study, research problems and motives for the development of research objectives and objectives are defined. As mentioned in the first chapter, this research was conducted to

examine the impact of e-commerce on brand companies in developing countries and consider Zimbabwe as a case study. The overall aim of this study was to assess the factors affected by Zimbabwe. In particular, the aim of the study was to take into account the impact of identified factors on the performance of companies in Zimbabwe. The overall conclusion is that the approach to SME funding has had a positive impact on the performance of SMEs in Zimbabwe, but that access to finance has not yet been fully used to benefit SMEs in the field of study. Management skills had the potential to have a positive impact on SME performance and were significantly affected, but only slightly adopted by SMEs in the field of studies. The study also concluded that the impact of the macroeconomic environment on the performance of SMEs was positive and significant, in particular on production, although it was easily assessed by children and SMEs. The study concluded that infrastructure does not have a statistically significant impact on the performance of SMEs in the field of testing.

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