

## THE MEDIATING IMPACT OF E-MARKETING ADOPTION ON EXPORT PERFORMANCE OF FIRMS: A CONCEPTUAL STUDY

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### ABSTRACT

*E-marketing is a crucial factor in the development of an export market for many organizations; it helps the firms to enhance their export performance in order to grab maximum international market share. Moreover, to validate the effectiveness of e-marketing, the current study will investigate the impact of technological factors on the export performance of the firms in developing countries. Though, use of e-marketing is widely spreading around the world but still several e-marketing tools have not been implemented properly that can contribute in many ways to achieve firm performance in terms of increased global market share and operational efficiencies. E-marketing has appeared to be one of the essential factors in maintaining the competitive advantage for any company despite of its size. In this study, TOE (Technology-Organization-Environment) framework has been established to see the impact of following predictors, which are: Technology Orientation; Top Management Support; Pressure from trading partners; and E-marketing adoption of the firm exports performance. The proposed framework has been developed to guide future study in exploring e-marketing technologies. Moreover, this framework can be enhanced by adding other variables and to check firm performance not only by means of exports but also at domestic level. In future, the proposed framework and research model will be empirically validated by administering a survey questionnaire among Firms in a number of developing countries. However, the current study will contribute by filling the gap in the literature and will deliver a clear deliberation for technology adoption of e-marketing to enhance firm export performance.*

**Keywords:** *E-marketing, Technology Adoption, Export Performance*

### INTRODUCTION

E-marketing is a newly launched technology that has attained well recognition in overall industry, whether it is manufacturing or services, (Rahim, Bakar, & Ahmed, 2015). Investigations conducted by Barwise and Farley (2005) clarify that e-marketing technology is “starting to come of age.” Further Day and Bens (2005) illustrate that, leading corporations are adopting e-marketing to expand their competitive advantage through marketing activities. Nonetheless, Chen and Lien (2013) highlight that, in spite

of rapid developments in new technologies, organizations adopt them at slightly slower pace. Consistent with this argument El Gohary (2012) explains that, e-marketing technology is still a relatively new idea, specifically for corporations serving in underdeveloped countries; normally these firms are already facing lack of resources and high competition.

### **Internet marketing benefits**

Thus, corporations cannot afford to take one wrong decision in making the investment, which results in improper implementation of e-marketing technology between the firms. Moreover, a study by Mehmood, Awan and Zhang (2013) found that, internet marketing is the most cost effective way to keep in contact with existing as well as potential buyers for conducting daily basis business without considering that they are local or foreign buyers, while, the time and cost of making business will remain the same. Furthermore, it has changed into an active source of information as well as an efficient marketing tool that can reach to any user around the world. Therefore, any Firm, irrespective of its size and nature of business can obtain benefits of internet marketing and it is also probable that, the current study will contribute to broader understanding of the success factors in export marketing and the role which internet plays in the accomplishment of export oriented firms operating in developing countries. Besides, it is expected that, the results of this study will support the management of companies of underdeveloped countries to use the Internet technology more effectively.

### **Growth of E-marketing**

A study conducted by Eid and El Gohary (2013), stated that, managerial and academic interests in e-marketing have been growing from last many years. Also, few researchers have mentioned it as new paradigms and many publishers have shown huge interest in publishing articles on e-marketing as this concept of e-marketing could be applied in any context. But still, very few empirical studies have been done to support e-marketing in different contexts. Consequently, a huge number of companies have applied e-marketing tools to keep in communication with their trade partners and buyers to grow their businesses on long term basis. In the context of global markets, where, developing countries are striving for market shares, e-marketing has become essential strategy for every firm. Apart from this side, research conducted by Taleghani, Akhlagh, Akbar and Sani (2013) clarifies that, previously companies focused more on selling techniques, but the trend is changing with increased knowledge, firms are becoming more customer oriented and make customized products, that is why, e-marketing is becoming more important for the firms to satisfy their customer needs and expectations. As today, use of information and technology has made lot of changes in social and economic processes which has made previous processes totally obsolete or been replaced by third world approaches or virtual methods.

### **Technology adoption vs Export Performance**

Increased use of technology in combination with other computer science technologies has caused many changes in the world of business. As today, e-marketing or e-business export process has been simplified and made easier to do the online business, even with

those countries which are situated far away and may incur huge cost of travelling. Communication and technology advancements have been influenced deeply by the firm's way of doing business and internet has become the foundation for e-marketing to do business globally. But still, there are many companies who are unaware of e-marketing methods and its effect on Export market performance (Taleghani, Akhlagh, Akbar, & Sani, 2013). Exports can increase the overall production level of the country and help in the achievement of bulk production with efficient use of resources. On the other hand it can also contribute to decrease unemployment from the country and increase capabilities of the entire workforce. So e-marketing plays a major role in this context by giving many benefits to the firms and to the country by means of economic development (Ahmad et al., 2015; Rahayu & Day, 2015).

### **E-Marketing benefits to Firms**

In the last decade, a very positive advancements has been incurred in internet access and usage which helped the firms to increase their market access, operational effectiveness, development of new buyers, vendor contacts, trading partners access, open new horizons to sell products and ultimately to achieve competitive advantage in local and export markets (Ahmad et al., 2015; Rahayu & Day, 2015). In line with previous argument Dai and Kauffman (2002) express that, e-business, internet marketing and other inter-related technologies have established to be transformational, although these technologies had a great impact on the overall effectiveness of the firms specifically to the marketing functions because nowadays e-marketing has become a significant indicator for marketing of global corporation's products. As internet and web access took a huge interest of the businesses and the scope of e-marketing at international level has increased drastically as such.

## **LITERATURE REVIEW**

### **Overview of E-Marketing**

Alzougool and Kurnia (2008) explain that, a wide literature has been established on adoption of e-marketing technologies by firms in both underdeveloped and developed countries. It was accepted to review commonly used theories and frameworks on e-marketing adoption by countries to identify their scope and limitations. The literature review on e-marketing is very comprehensive and this literature review helps in identifying the models and frameworks which have been developed and implemented to find out the adoption of e-marketing by corporations for instance; Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB), Technology-Organisational-Environmental Framework (TOE) and Rogers's Innovation of diffusion theory (DOI). However, most of these theories and frameworks did not support the phenomena of electronic technology adoption. Other models like TOE and Perceived e-Readiness have also ignored this or overlapped.

### **Perspectives of Technology Adoption**

Besides these above discussed frameworks and models, the adoption of technology aspects may act as drivers and inhibitor at the same time in different situations. The prior

presumptions about an aspect being an inhibitor can lead to misleading results regarding the credibility of the models that use these aspects. For example, a specialist may contemplate and discover an aspect as an inhibitor of e-marketing adoption in a particular perspective, and this aspect might not be found as an inhibitor. In this case, the specialist has to decline the preliminary suggested speculation concerning this aspect. In comparison, the understanding of this aspect might change in the upcoming and further research is needed to test if the preliminary suggested speculation is verified.

### **Framework Development**

Based on the literature review and in order to fill the gap in the existing knowledge of literature, the study framework gives broad view of e-marketing adoption as a guide in this research. Additionally, a study by Mehmood et al. (2013) illuminates that, the internet plays an essential role by providing two way communication with the suppliers and buyers or even with company's other stakeholders to maintain long term relationships and networking. To perform worldwide market research, the internet is the most efficient medium to be used today because the global environment is changing drastically and huge competition in international markets is taking place, so if firms need to grow their export volume they need the relevant information on continuous period of time. However, physical market surveys and research have no more importance as compared to electronic markets.

Besides, export marketing performance is defined as "the composite outcome of a firm's international sale consisting of export sales, export profitability, and export growth". Now looking forward to the various predictors affecting the firm export performance directly and indirectly by mediating role of E-Marketing adoption has been explained below.

### **Top Management Support**

As revealed by Rahim et al. (2015), the Management support is found to be the most essential factor of innovation. In line with this statement, Ahmed (1998) identified that, in comparison with highly innovative companies with less innovative companies, top management commitment always plays a significant role in terms of finance and also gives emotional support towards innovation, which not only supports the companies to adopt the technology but also impact on the export and internal performance of the firms. Furthermore, in a study conducted by Haugh and Robson (2005) found that, those firms in which top management commitment is more towards adoption process are likely to adopt information technology more rapidly. Consistent with this argument, management support has a strong influence on the implementation of infusion and diffusion systems of intranet in the firms. Therefore, the researchers claim that management support motivates to adopt e-marketing technology by giving strength to the firm's technology.

### **Technology Orientation**

According to Trainor, Rapp, Beitelspacher and Schillewaert (2011) technology orientation is a core predictor in use of e-marketing in order to enhance firm performance towards internationalization. It represents the usage and implementation of e-marketing by diversified firms to interact with their customers and to make a sound dialog with

them for long term business relationship. Moreover, numerous set of technologies which includes: e-marketing websites that offer customer relationship management systems, sales transactions, extranets, intranets and sales force mechanisms. Moreover, e-business adoption described a firm implementation of such kind of technologies to have a significant impact on the sales performance, profitability of the firm, competitive edge, export firm performance, customer satisfaction and development of relationships with buyers and trade partners as well.

### **Pressures from Trading Partners**

Trading Partners play a significant role in creating the pressure to adopt most frequently used technology in business transactions, communication or interaction and to maintain more close relationship by resolving the problems on urgent basis. Further explained by Ahmad et al. (2015) that, the success of any organization in order to adopt and initiate internet or e-marketing is not only a company decision, but it has been observed that company customers, suppliers and trading partners influence them to get engaged on business transactions and to interact electronically for daily business activities.

Besides, it has been proven that, pressure from customers motivates the firms to adopt the technology and it may also adopt e-marketing technology due to the influences applied by its trading associates. Most of the time, companies focus only on the sales, profitability and Global share of their products to achieve competitive advantage as well as the relative advantage, that is why company sometime feels lot of pressure from their trading partners, if they recommend them to implement certain technology in their business to communicate with them. Previously, multinational companies had put pressure on its suppliers and other vendors to adopt and implement e-marketing technology in their businesses so they could interact to global production networks. On the other side, due to high pressure from customers and suppliers, firms in developing countries have also started to adopt e-marketing that will ultimately help them to enhance sale activities and to achieve global market share.

### **E-Marketing adoption and firm export performance**

Voola et al. (2012) clearly highlight that, performance effectiveness has a direct and positive relation with innovation adoption. In line with the statement, researcher has ascertained on the basis of considerable evidence that, use of e-business can provide a number of strategic benefits to the firms for instance, it helps in the reduction of supply chain cost, develop new markets, increase distribution efficiency and to interact with buyers more closely in developing long term relationship. Moreover empirical evidences have been found, which clearly state that e-business adoption is positively co-related to firm performance. Hence Teo and Pian (2003) exemplify that use of e-business has positive impact in attaining competitive advantage, which leads the firm towards product positioning and to develop cut-cost strategy, make innovative product, achieve high growth and the foundation of alliances. Furthermore, Wu, Mahajan, and Balasubramanian (2003) also discovered a positive link between e-business adoption and four methods of firm performance; sales performance, customer efficiency, relationship development and

satisfaction. Therefore, e-business or e-marketing innovativeness directly impacts on customer relationship performance and growth of sales.

The definition and concepts have been highlighted by Eid and El Gohary (2013), who clearly demonstrate that e-marketing concept has grown rapidly in overall industry of the world; it is a philosophy which is directly associated with selling of goods, information, services and ideas via the websites or Internet and also by other electronic means of communication. Besides, many studies conducted in relevant literature, which clearly revealed that, the definitions of E-Marketing may vary according to each scholar's point of view, knowledge and experience. According to Strauss and Frost (2001), E-Marketing is defined 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 objectives".

A research conducted on adoption of technology by Rahim et al. (2015) clearly identifies that, technology adoption by firms in addition to any new strategic issues, is a time anticipated by decision initiators to see a possible impact on the forthcoming organization effectiveness. For instance, corporations only adopt new technology if their existing technology got lapsed or new technology has much more benefit likewise new technology resolves current problems so effectively that it helps the corporations to be more motivated in order to invest in acquiring the latest technology. Previously, Gagnon and Toulouse (1996) also proved that, each motivation gives organization an opportunity and that opportunity clearly indicated as a driver for adoption, likewise, problem for getting internationalization is a basic necessity for every firm irrespective of its size; now an e-technology has developed an awareness among all buyers and trading partners that they can do e-business in order to grasp maximum international market share with very low cost. Therefore, it is clear that, firms perceived benefits help them to adopt new technology without any unnecessary delay.

As revealed by Taleghani et al. (2013) that, companies are focusing more on marketing activities in order to enhance their export performance. In perception to increase their export performance, firms are adopting e-marketing tools and using them to have a competitive advantage over other rivals, cost reduction of distribution, increase supply chain efficiency, close interaction with buyers and to perform market research for product development purpose or in order to find new customers and also in maintaining the existing one as well. Consistent with this study, results highlight that, internet marketing is essential for achieving comparative advantage and to reduce the cost of international marketing or commerce. So it is proved by the researcher that, there is a positive relationship with adoption and use of internet marketing and export performance of the firm.

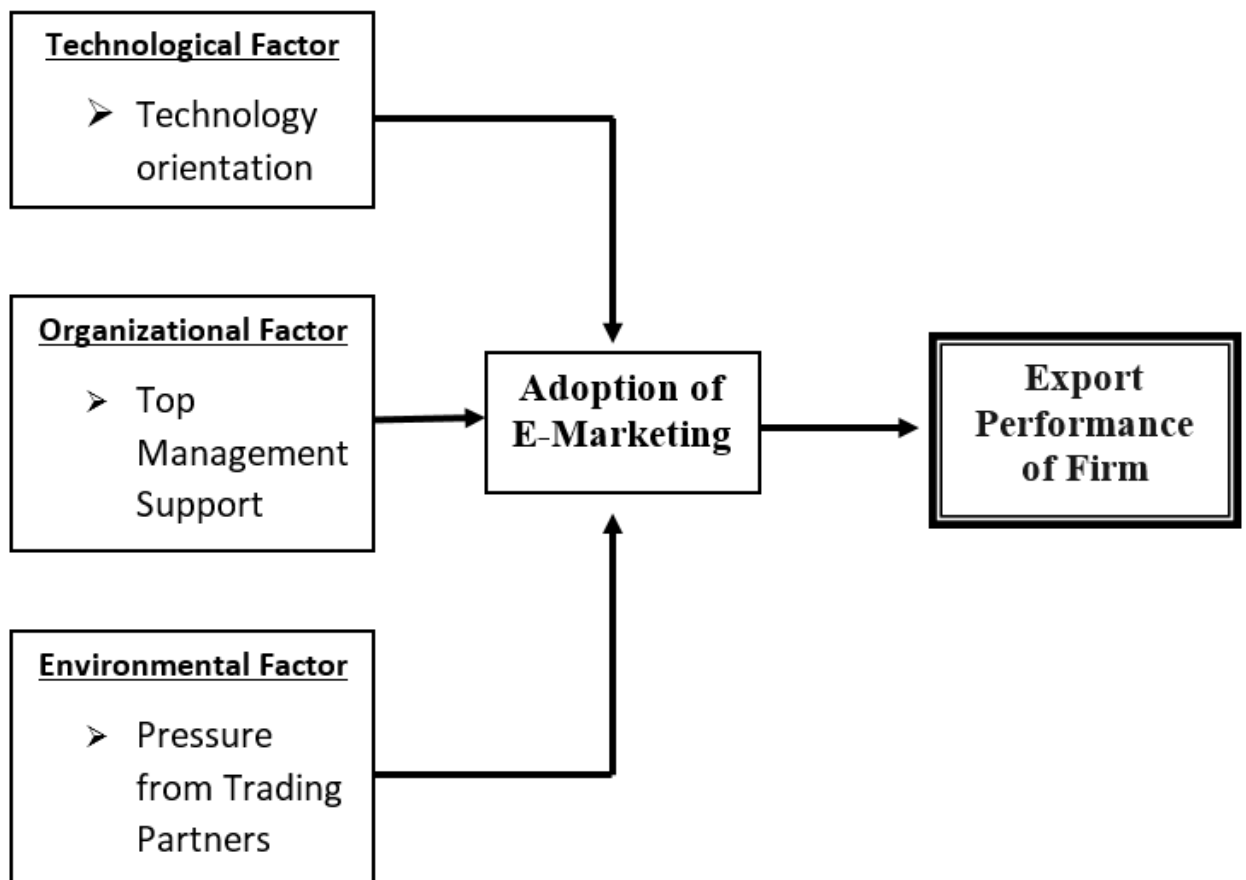
## **METHODOLOGY**

This paper highlights that the important technological related factors that execute from the mediating factor of e-marketing adoption or uses influence the firm export performance of developing countries. So in order to highlight these variables, the

researchers have gone through different databases, reports, books, thesis, empirical and conceptual papers. The literature clearly highlights that, the role of technology orientation, Top management support, pressure from trading partners and e-marketing adoption or use influence export performance of the firms in developing countries. Using TOE model, this paper explained the importance of these variables in predicting export performance of firms in developing countries.

### Conceptual Framework

The conceptual framework of this study is based on TOE framework in order to explain adoption of E-marketing leading to export performance of the firm.



Conceptual Framework: The Mediating impact of E-Marketing Adoption on Export Performance of Firms.

## DISCUSSIONS AND IMPLICATIONS

The study conducted by Rahim et al. (2015) explored that firm's willingness to adopt the technology positively influences e-marketing adoption; thus, the higher the firm's willingness to adopt the technology, higher the probability of the firm adopting e-

marketing. E-marketing promises that, any firm who will adopt this technology can attain several benefits. Because e-marketing provides operational measures to the firms through which they can establish strategies in order to make market expansion and to improve their competitiveness. Several qualitative outcomes revealed that, firms normally adopt the technology like e-marketing in order to minimize the mistakes and to improve their effectiveness through cost reduction and to improve their corporate image through market expansion.

Further Mehmood et al. (2013) clarify on the basis of evidence that, electronic way of marketing has become an essential business tool which is growing very rapidly with the passage of time and this paper has tried to examine the connection between internet marketing usage and export performance of firms in under-developed countries as there is lack of research in this area. The investigation further reveals that e-marketing adoption to achieve export marketing performance among developing countries is still in its infancy stage and factors such as technology orientation; top management support and pressure from trading partners have yet to be exploited. However, current IT infrastructure is not supportive in developing countries to improve marketing performance, so at early stage adoption of technology is very important.

This study provides an insight for entrepreneurs, policymakers, practitioners, researchers and educators by providing a clearer view and deep understanding of the issues related to technology, organization, environment, e-marketing adoption or uses and its impact on the export performance of firms in developing countries.

### **FUTURE RESEARCH AND CONCLUSION**

The direction for future research, which emerged from critical review of literature, is to examine the mediating effect of e-marketing adoption on the export performance of the firms in developing countries by different sizes of companies specifically like micro firms, medium sized firms and large corporations as well. Depending on the same proposed factors generated within this study. Future research may indicate to examine the e-marketing adoption and export performance of all types of Firms in other countries depending on the same proposed factors generated within this study. Finally, different predictors could be tried to measure the export performance of the Firm, likewise, future research should be simulated to examine whether the relations between variables still hold true on an industry by industry basis because some sectors have more communicating websites than others. So another area for future research is to focus more on export of particular industry products, which can considerably improve the body of information. Although, this paper only focused on few related issues or predictors to resolve the problem of export performance of firm, however, further study is recommended to consider the factors like relative advantage, organization resources, competitive pressure, government support and also moderating variable like technology opportunism and technology turbulence to enhance and strengthen the overall framework for further empirical testing in the context of particular industry and developing country.



This article tried to fill the gap in the Firm e-marketing adoption to improve export performance, where prevailing clarifications have focused on firm, market features, and the technology itself. This research provides significant findings, particularly in the adoption of e-marketing technology and revealed that, understanding the range of technology adoption that effect firm export performance is dominant to conduct the adoption procedure.

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