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# SME ICT Marketing Impact: A New Conceptual Model

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# **SME ICT Marketing Impact: A New Conceptual Model**

## **Abstract**

This paper presents a conceptual model for SME ICT marketing impact. The conceptualization integrates approaches from technology-in-practice scholarship, which argues that the use of information and communications technology (ICT) among small and medium enterprises (SMEs) is highly context specific, and applies it within marketing practice. The resulting model is relational, iterative and context-sensitive, and considers marketing impact from the use of ICT as emerging over time. This article extends existing research by considering the role that attitudes towards ICT may play in their successful use. It also provides three propositions to guide future research towards generating an empirically based understanding of what determines impactful ICT marketing practice in SMEs.

*Keywords: SME, Marketing, ICT*

*Track: Marketing Strategy & Theory*

## **1. Introduction**

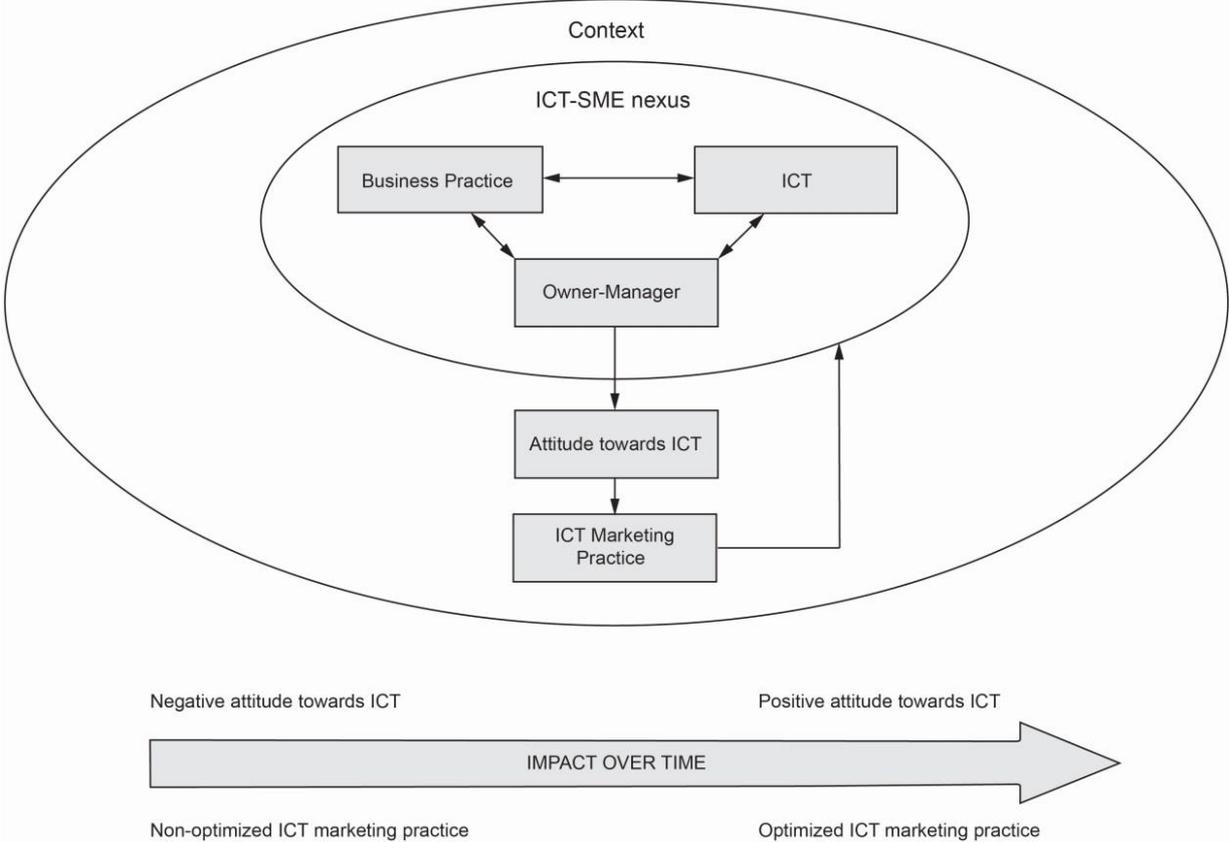
The small firm sector is characterised by high business failure rates (Dutta & Evrard, 1999). Thus, there is a need to explore areas which might improve the potential for small firm survival and growth (Kitching, Smallbone, Xheneti, & Kasperova, 2011). Digital technology is considered a valuable field of investigation as it promises to improve business efficiency and effectiveness (Ashurst, Cragg, & Herring, 2012; Kim, Lee, & Lee, 2013). However, the lack of digital skills in small and medium enterprises (SMEs) is seen as impeding their ability to take advantage of technology, both in academic research (Ian Fillis & Wagner, 2005; Morgan-Thomas, 2016) and Government Policy (House of Commons, 2018; Peate, 2017). Policy has thus focused on closing the ‘digital skills gap’, prioritising the training of SMEs in how to use technology’s features and functionalities.

Researchers have investigated reasons for SMEs not capitalising on technology, including barriers to adoption and implementation (Jones, Simmons, Packham, Beynon-Davies, & Pickernell, 2014; Simmons, Armstrong, & Durkin, 2008, 2011). Information and communications technology (ICT) is often poorly understood and is not a priority in many small firms; a quarter of SMEs do not consider digital skills or investment in digital technology to be important to the growth of their business (Peate, 2017). An unexplained gap exists between the expectations around the potential of technology to generate competitive advantage and the actual realities of their fragmented use. As a result, an alternative approach to theorizing ICT and SMEs has emerged. It questions fundamental assumptions of extant theory, arguing that its inherent deterministic perspective of technology as stable and knowable ‘a priori’ is not suitable to explain ICT use in practice (Morgan-Thomas, 2016). Instead, it proposes to place more attention on the context of technology use and the conditions under which a more effective use can be realized.

This paper contributes to this alternative theory of ICT, by situating it within the discipline of marketing. Its aim is to present a conceptual model for understanding impactful ICT marketing practice in SMEs. The model considers the increasing acceleration and proliferation of digital technology without resorting to a deterministic perspective, while being sensitive to the heterogeneous realities of SMEs. In the following section, the full conceptual model is broadly outlined. The remainder of the paper explores the factors included in the model and offers propositions to stimulate future research.

## 2. The Model of SME ICT Marketing Impact

The conceptual model of SME ICT marketing impact is represented in Fig. 1. A central tenet is that ICT marketing practice is always embedded within an overall context, without which it cannot be understood (Morgan-Thomas, 2016). This context is constituted of a central nucleus, the ICT-SME nexus, which consists of three component parts that influence each other: business practice, ICT, and the owner-manager. The nexus affects the owner-manager’s attitudes towards the specific ICT (e.g. a tool such as the company website), which in turn shapes the SME’s ICT marketing practice. The major relationships which need to be explored are indicated by arrows. In the conceptual model, marketing impact is considered a continuum from non-optimized ICT marketing practice on one end, and optimized ICT marketing practice on the other. The more positive the experience of ICT in the specific SME business context, the more likely it is that marketing impact can be realized through the use of ICT over time.



**Figure 1.** Conceptual model of SME ICT marketing impact

### 3. The Context of SME ICT Marketing Practice – An Elaboration of the Model

In this section, the major factors in the conceptual model are described, and propositions are developed for the three forces constituting its central nexus. These forces interact in shaping two contextual factors, which are then described. The model proposes that attitudes towards an ICT tool affect its performance towards marketing outcomes.

#### 3.1 ICT

Understanding SME ICT practice requires researchers not to consider the generic properties of the technology and how firms can maximise its functionalities, but instead to focus on the way it is manifested in day-to-day practice. The technology-in-practice approach suggests that ICT expectations are shaped by what is doable and achievable, rather than what is possible in theory (Morgan-Thomas, 2016). This shifts the focus away from the dominant ICT maximization imperative, which sees digital skill acquisition as a panacea to increasing productivity, and instead links positive outcomes with the extent that ICT can be optimized. ‘Optimization’ is context-specific and an effect of an entangled practice network into which the ICT is embedded. ICT exists not as a known and separate entity but through experiences that are formed and refracted. It is implied in this perspective that policy makers’ preoccupation with fostering awareness of ICT’s universal benefits are misguided because individuals cannot possibly know all the intentions and functionalities that form part of its design (Morgan-Thomas, 2016; Orlikowski & Scott, 2008). Of critical importance for the analysis, therefore, is the gap between the expectation that ICT will work ‘as intended’ and will generate predictable outcomes, and the experience of small firms’ business realities in relation to ICT. An illustrative proposition drawn from this line of reasoning is:

**P 1.** *The more policy emphasizes ICT’s universal benefits and prioritizes training SMEs in its generic functionalities and features, the more likely SMEs are to develop negative perceptions of ICT if the benefits promised lead to inflated expectations that cannot then be realized in practice. This also likely increases the reluctance in SMEs to adopt new technology.*

This proposition suggests that SME ICT research should consider attitudes towards ICT as a potentially rich area of investigation. It implies that, if SME managers understand the

value of ICT in the context of their own business reality, this may lead to a more positive attitude, which in turn could lead to a more impactful adoption.

### *3.2 SME business practice*

The second force of the ICT-SME nexus is business practice. SMEs are unlike large organisations and have specific attributes, thus requiring different conceptual approaches. Small firms are a subcategory of SMEs and defined by the EU as having 50 or fewer employees (European Commission, 2019). SMEs tend to grow in a non-linear fashion and their business practice is often driven by short-term, ad-hoc operational requirements (Hill, 2001a, 2001b; Reijonen, 2010). There is increasing agreement that SMEs are not a homogeneous mass and research thus needs to be industry- and situation-specific (Jones et al., 2014; Simmons et al., 2008) and take into account the SME's size. Some researchers argue that the smaller the firm, the more prominence should be given to internal factors due to the increased influence of individuals (Ian Fillis & Wagner, 2005). Despite their heterogeneity, SMEs share specific attributes that impact their business practice. Researchers have explored these in different areas including marketing (Gilmore, Carson, & Grant, 2001), entrepreneurship (Ian Fillis & Wagner, 2005; Gilmore & Carson, 1999) and ICT adoption, including in small and micro-enterprise contexts (Jones et al., 2014; Simmons et al., 2011). SME business practice is influenced and shaped by the conditions in which it operates, and ICT can only be understood in the context of this practice (Morgan-Thomas, 2016).

In alignment with extant research, we propose that SME business practice is impacted by three shaping factors: the owner-manager, the SME's industry context (including its culture and customers), and the resource constraints within which it operates. The owner-manager is considered the most critical factor in small firms, as their motivation and personality influence its performance outcomes and business behaviour more generally (Simmons et al., 2008, 2011). We consider the industry, our second shaping factor, a broad category that includes sector-specific aspects, cultural norms, and customers. It generally pertains to 'how business is done' in a given industry. This factor has received some attention within SME ICT research (Arbore & Ordanini, 2006; Pickernell et al., 2013) and is the most promising in theoretically advancing our understanding of ICT marketing practice. Finally, the resource factor has long been relevant in small business research. It is agreed that small firms operate in the context of severe resource constraints and within SME ICT research, these tend to pertain to firm size,

knowledge and skills, time and cost implication (Chibelushi & Costello, 2009; Lewis & Cockrill, 2002).

Given that extant SME theory suggests that business practice is influenced and shaped by the conditions in which the firm operates, it lends support to the argument that ICT can only be understood in the context of practice (Morgan-Thomas, 2016). It can therefore be proposed that:

**P 2.** *SMEs' understanding of ICT is not based on a rational, informed evaluation of all its possible features and benefits but is refracted through day-to-day business practice. The more an ICT tool fits with 'how business is done', the more likely it will be perceived as valuable.*

This proposition implies that technology impact is subjective and situated, rather than generalized and universally applicable to all SMEs. It also supports the notion that SMEs do not view ICT strategically, as a means to lead to longer-term business growth (Jones et al., 2014). Instead, ICT is perceived as a tool in service of day-to-day business practice.

### *3.3 Owner-manager*

The final force of the ICT-SME nexus is the owner-manager who is considered a key decision maker in an SME and in smaller firms tends to exert considerable control (Bharati & Chaudhury, 2006; Bolton Committee, 1971; Higón, 2012). Consequently, understanding what motivates the owner-manager is important to understanding how an SME behaves (I. Fillis, 2000; Ian Fillis & Wagner, 2005). In alignment with extant research, we suggest that the owner-manager's decisions in relation to ICT are impacted by three motivating factors: a concern for business sustainability, a focus on business benefits that are both relevant and realizable in the near future, and a consideration of their customers.

Business sustainability is closely related with the SME's economic survival (Storey & Westhead, 1997) and research indicates that ICT is often seen as a pragmatic solution to support short-term sustainability and daily operational requirements (Jones et al., 2014). The owner-manager's second motivating factor is business benefit. The literature suggests that owner-managers clearly need to understand ICT's value in the context of their business needs. ICT must bring business benefits that are relevant, tangible and realized in the foreseeable future due to resource constraints (Ian Fillis & Wagner, 2005; Jones et al., 2014). Owner-managers may develop a positive attitude towards ICT by experiencing its advantages in day-

to-day business practice. There is some indication that this can drive a more strategic response, leading to increased ICT optimization and impact over time (Simmons et al., 2011). The final factor motivating the owner-manager is a consideration of customers. There is agreement that customers are an important external influence not only on decisions regarding ICT adoption but also, on whether or not ICT investments are perceived as valuable (Beckinsale & Levy, 2004; Jones et al., 2014). An illustrative proposition drawn from this line of reasoning is:

**P 3.** *ICT must be perceived to deliver benefits in the eyes of the owner-manager, whose influence increases as the SME size decreases. Understanding is created by linking the value of ICT to three motivating factors: business sustainability, short-term business benefits, and perceived customer needs.*

This proposition suggests that researching impactful SME ICT practice must take into account the owner-manager's role as a key shaping factor, as his or her perceptions may be critical to the positive impact of ICT on the SME's business outcomes.

### *3.4 Attitudes towards ICT*

The conceptual model proposes that the ICT-SME nexus shapes attitudes towards ICT, which are formed within a specific situated business context. Attitudes are important as the owner-manager's decisions are often informal due to the short-term and chaotic nature of the SME business environment, and it follows that research needs to consider their role in influencing behaviour with regard to ICT (Brown, 2005; Fillis & Wagner, 2005). Extant literature supports the importance of attitudes as a critical shaping variable of ICT adoption and responses towards technology (Jones et al., 2014; Wolcott, Kamal, & Qureshi, 2008). Positive attitudes are critically influenced by the perceived value of technology, and there are suggestions that value perceptions may also be shaped by industry-specific factors (Drew, 2003; Grandon & Pearson, 2004). However, less is known about a link between the owner-manager's positive attitude and an increase in impact of ICT relating to the SME's marketing outcomes, particularly where these pertain to profitability and growth.

### *3.5 ICT marketing practice*

The final factor of the model represents ICT marketing practice, which is shaped by the attitudes towards ICT more broadly. The technology-in-practice perspective requires a detailed investigation of a specific, situated context of practice as its use cannot be fully understood outside its enacted environment (Fayard & Weeks, 2014; Morgan-Thomas, 2016). To achieve this, our model proposes the context of SME ICT marketing as its narrow focus. This lens is appropriate as marketing at the micro-level and how it unfolds in real contexts is poorly understood (Dibb, Simões, & Wensley, 2014). Marketing practice has historically received little scholarly attention; this is problematic as one aim of theory is to advance understanding to improve practice either directly or by influencing policy (Jones et al., 2014; Morgan-Thomas, 2016). SMEs practice informal and intuitive types of marketing (Moriarty, Jones, Rowley, & Kupiec-Teahan, 2008; Zontanos & Anderson, 2004) and are particularly suited to advancing theory on how practice emerges (Morgan-Thomas, 2016). There is good understanding of the adoption of ICT tools in an SME context (Simmons et al., 2008, 2011) but less is known about what constitutes impactful ICT marketing practice.

## **4. Conclusion**

This paper has provided a conceptual model for understanding impactful ICT marketing practice in SMEs (see Fig. 1). The conceptualization presented suggests that existing business practice, ICT and the owner-manager interact with each other to create specific conditions, named as ICT-SME nexus. The nexus influences certain attitudes towards the ICT, which then results in a specific ICT marketing practice to support the business. If there is a positive impact on marketing outcomes from the ICT use, this in turn influences the ICT-SME nexus, which creates a more positive context for subsequent ICT marketing. The model has been developed to account for a non-linear, iterative technology practice where positive attitudes of the owner-manager lead to a more impactful ICT marketing practice over time. It represents our attempt to provide a tool to assess ICT integration within the narrow spectrum of a contextualized business practice.

This paper contributes to an emerging body of literature that highlights the importance of contextualizing ICT, revealing specifically just how the conditions of impactful ICT marketing might emerge over time. More importantly, the emergent model including the illustrative propositions provide a research agenda for developing an understanding of the

dynamics within and between the factors in the ICT-SME nexus, advancing a theory of what determines impactful ICT use in marketing. The future implications for Government SME digital skills agendas and for small business owner-managers could be highly significant.

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