

# THE EFFECT OF ADOPTION OF DIGITAL MARKETING ON THE COMPETITIVENESS AMONG OMANI SMES

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## THE EFFECT OF ADOPTION OF DIGITAL MARKETING ON THE COMPETITIVENESS AMONG OMANI SMES

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### ABSTRACT

Most noteworthy, the implementation of Digital Marketing (DM) implies the integration of organization with customers, where it utilizes the capabilities of information technologies in DM. This study focuses on investigating the effects of adoption of digital marketing on competitiveness among Omani Small and Medium Enterprises, (SMEs). Further, the study examined internal and external factors that relate to the adoption of digital marketing among Omani SMEs. The research design is descriptive, and used a mixed method including qualitative and quantitative methods. Both semi-structured interviews and structured questionnaire were applied among owner managers of Omani SMEs. The Reliability of the model is derived by SPSS software, that is high and reached 0.95. This leads to results of questionnaire are constant for a long time. Cronbach's  $\alpha$  value is calculated for each dimension separately. The resulting values, range between 0.693 and 0.918 and they indicate that the internal reliability of the scale used is sufficient. The CFI value of the model is 0.932 that indicates a good model fit since it is more than 0.90. The Tucker-Lewis index is 0.921, which indicates a good model fit since it is more than 0.90.

**Keywords:** Adoption, SMES, Competitiveness, Digital Marketing

### INTRODUCTION

SMEs are extremely important to the development of economics of a country, due to their rapid growth and economic generation capabilities. Many studies show they lead to rise in the gross domestic product, economic growth and many other tangible and intangible benefits for country as a whole. Previous studies show clearly that the utilization of digital marketing among SMEs leads to overriding the competition and growth exponentially and attainment of competitiveness. It is a powerful method for SMEs to communicate interactively with customers and partners. It reduces costs to evaluate marketing process, and enhance improvement of business (Misganaw & Singh (2019); Taiminen & Karjalainen, (2015); Sangeetha, (2015)).

There are several research studies on digital marketing that display facts about its role in enhancing the competitiveness of SMEs. Nevertheless, most of the studies have focused on the developed countries such as United Kingdom (UK), United States (US) and Europe. Moreover, it is believed that there is a need for studying adopting digital marketing among Omani small and medium enterprises and investigating their effects on the competitiveness.

### LITERATURE REVIEW

In the context of Small and Medium Enterprises (SMEs), adoption can be defined as the utilization of technologies and applications to support business activities as believed by Ghobakhloo et al., (2011). Equally important, Kartiwi, (2010) supported that the significance of SMEs in affording jobs and enhancing the economy that are announced by The European Union. They have significant role in growing and competing

locally and globally as declared by Othman, (2012).

Besides, the term competitiveness represents how enterprises target to overcome the competition of other competitors as declared by Auma, (2017). Likewise, Competitiveness has a meaning of adaptation and flexibility to the fluctuated business environment as mentioned by (International Trade Centre, 2015). Due to the high competition between old and new companies; it is vitally important to reorganize the policies, laws and procedures of the business to ensure the ability of the SMEs to compete as contented by (National Committee for the Achievement of the Sustainable Development Goals, 2019).

As has been noted, so far, competitive practices by current SMEs could be replicated by new emergence firms in the market as presumed by Bressler, (2017). Ahmedova, (2015), suggested that adapting to technological development to attain competitiveness, brings you benefits of technology such as increasing the performance and profits.

The study of Pradhan et al., (2018) emphasized on the importance of continuous academic research about usage of digital marketing and to the implementation of more than single technology in integrated manner towards improving the enterprises. Further, Saura & Sánchez, (2017) confirmed the need to search more about how that leads to better understanding of its role in enhancing competitiveness of SMEs.

The principle item that, prior studies on digital marketing concluded that active engagement with customers attract them to share products of the SMEs as said by Redondo et al.,(2018). This is increasing in case of implementing multiple tools of DM in integrated manner with strategy and plan of the firm. Further, potential customers prefer to search for their products to make their purchase decision, based on more than a single platform as declared by Zhuang et al., (2017).

Moreover, The study Misganaw & Singh, (2019) advocated that SMEs the communications between firms and their target audiences and suppliers are affording effectively through using DM to grow and expand globally. Hence, usage of various digital marketing channels helps override the competitors and survive in the market, where other competitors could use different tools of DM as suggested by Pawar, (2014).

Pay particular attention to , study of Chinje, (2015) that maintained that engagement with customers and implementation of tools of analysis, cumulative data, and assessment that are provided from different tools of DM are helpful in making decisions about improving the digital marketing process.

Furthermore, the available analyzing tools that are provided by DM of accumulative big data that is gained by adoption of DM leads to successful decisions to attain competitive advantages by SMEs as acknowledged by Moctezuma, (2017).

Finally, digital marketing has a great role to customer retention, and improving the products to adapt the customers' needs and gain many new customers in less time with presence of competitors discussed by Desai, (2019).

## METHODOLOGY

The current study, used mixed method, where data collection can be gained by conducting a structured questionnaire and semi-structured interviews. It, used sequential exploratory design, whereas qualitative data collected first through semi structured interviews of 10 Omani SMEs, and then quantitative approach carried by a questionnaire on 2355 owner's managers. Top management of SMEs were the target of the sample where their enterprises are should registered in the Authority of development of small and medium enterprises (Riyada). The sample include SMEs in all Governorates of Oman and cover various commercial activities of SMEs. They should have DM.

The current study includes technology, organization, environment and individual factors, adoption of digital marketing among Omani SMEs and competitiveness of Omani SMEs. The collected data by interviews is the base towards checking the initial proposed model from the data. Finally, the generalization of findings could be gained by the outcomes of the questionnaire survey.

## FINDINGS AND DISCUSSION

The Reliability of the model is high and reached 0.95 as shown in table1. This leads that results of questionnaire are constant for a long time . be obtained by results of the questionnaire.

<p style="text-align: center;"><b>Table 1</b> <b>The Cronbach's Alpha of all questions (by a researcher)</b></p>
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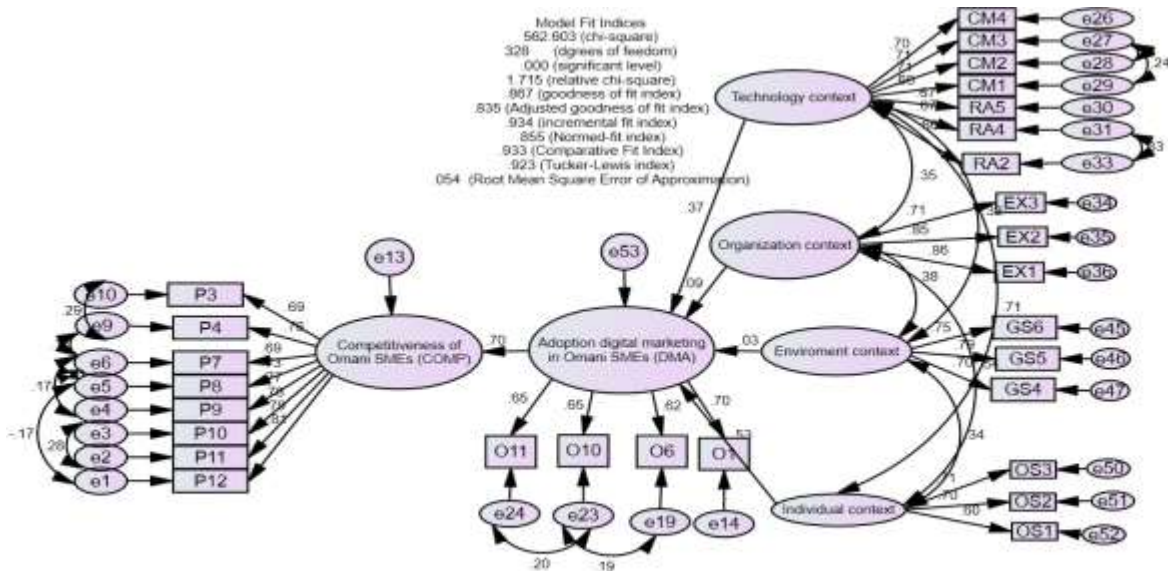
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Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.950	.954	71

Cronbach's  $\alpha$  value is calculated for each dimension separately. The resulting values, which are listed in Table (2), range between 0.693 and 0.918 and they indicate that the internal reliability of the scale used is sufficient.

The full measurement model presents acceptable model, where, Figure (1) shows the impact of a latent variable over a measurement variable, which is one of the features of SEM techniques for modeling. The figure (1) below shows the dimension of model of the study and its variables.

Variable name	Type of the variable	Cronbach's $\alpha$
competitiveness of SMEs (COMP)	Dependent	0.918
Adoption of digital marketing among SMEs (DMA)	Mediator	0.774
Technology context	Independent	0.867
Organization context	Independent	0.840
Individual context	Independent	0.787
Environment context	Independent	0.693



**Figure 1 Full Measurement Model (by a researcher)**

Table 3 Model fitting analysis for full measurement model (by a researcher)			
Measure	Name	Cut-off for good fit	Value
$\chi^2$	Chi- square	p- value>0.05	Chi-square = 558.103 p- value=0.000<0.05
CMINDF	relative chi- square	CMINDF < 5	1.733
RMSEA	Root mean square error of approximation	RMSEA < 0.08	0.054
GFI	Goodness of fit	GFI $\geq$ 0.95	0.868
AGFI	Adjusted goodness of fit index	AGFI $\geq$ 0.95	0.833
NFI	Normed-fit index	NFI $\geq$ 0.95	0.856
CFI	Comparative	CFI $\geq$ 90	0.932

	fit index		
TLI	Tucker Lewis index	TLI $\geq$ 0.95	0.921

The RMSEA measures the discrepancy due to the approximation per degree of freedom. The RMSEA is a badness-of-fit measure, yielding lower values for a better fit. The RMSEA value of the model given in figure (1) is 0.054 which indicates a good model fit since it is less than 0.08.

The CFI measures the relative improvement in fit going from the baseline model to the postulated model. CFI is a normed fit index in the sense that it ranges between 0 to 1, with high values indicating a better fit. The most commonly used criterion for a good fit is CFI  $\geq$  90. The CFI value of the model given in figure (1) is 0.932 that indicates a good model fit since it is more than 0.90. The Tucker-Lewis index is 0.921, which indicates a good model fit since it is more than 0.90.

### CONCLUSION

This mixed study intends to examine the influence of digital marketing adoption on the competitiveness of SMEs. Further, the study develops an integrated model for digital marketing adoption by merging more than one model in the context of SMEs and add more elements from prior studies that leads to strengthen the findings.

The findings acknowledged that relative advantage and compatibility that belongs technology context, and, owner manager support that relates to individual context, have direct effect on adoption of digital marketing and indirect effects on competitiveness among Omani SMEs. The outcomes have important implications on policy makers towards enhancing digital marketing among Omani SMEs. Further, there are implications on SMEs a great role in helping the owners of SMEs to manage their firms by help of digital marketing in compatible manner, to achieve relative advantage and override the high competition and survive in market.

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## FUTURE RESEARCH

The principal item, under this theme, it is importance to test other significant determinants that are included by other antecedent literatures in the future. For instance, IT infrastructure for Oman, Cybersecurity, Trialability, Observability, training. Much like, the challenges and barriers of DM that face these firms should be examined, where; this has a criticalrole, especially in crisis period such as pandemics.

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