Research on Current Situation and Strategy of E-Marketing Applications in Chinese SMEs

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ABSTRACT

E-marketing has brought unprecedented opportunities for small and medium sized enterprises to compete with the large enterprises in China. Though they have started their online business actively with building their own websites and implementing e-marketing, the effect they have achieved is not as expected. The paper first discusses the definition and the competitive advantages e-marketing brings to small and medium-sized enterprises. Then, the paper examines the current situation of e-marketing applications in Chinese SMEs with the main purpose to gain an overall understanding of present situation and explore the issues when Chinese SMEs have applied e-marketing. Based on the collected data and deep analysis, the paper gets the result that Chinese SMEs are still at an initial stage in regard to the e-marketing applications, and it will take some time before they achieve a certain level of maturity. Finally, the paper proposes some related strategies to strengthen e-marketing applications based on the current problems in a regional economy.

Keywords: E-Marketing, SMEs, Current Situation, Strategy

1. INTRODUCTION

During the past fifteen years Internet has become a great technological space where companies are aware of successful opportunities to run their businesses. Companies have started to move from business place to business space, created websites and placed their products and services online for sale. This trend explains the huge growth of websites on the Internet.

The use of the Internet for e-commerce has grown rapidly in relation to the increase in commercial web sites. Information can be requested and provided, orders placed and filled, products delivered and services performed (Ching & Ellis, 2004; Davis et al., 1989). Academic and managerial interest in e-marketing has been increasing in recent years. It is announced by some experts as a new mode of marketing (Eid, 2009; Hotho & Champion, 2011). New forms of marketing have presented an opportunity for small and medium sized enterprises (SMEs) to grow in a dramatic and dynamic way. Although there has been widespread acceptance of internet use in corporate environments, the extent to which it is used by SMEs varies widely in different companies (Sadowski et al., 2002). E-marketing can provide wide-reaching economic benefits through an alternative channel for companies, especially those small and medium sized businesses in China.
Studies have shown that web-based applications as one of marketing tools in various firms provides them extensive benefits such as better management information between employers and employees, customers and suppliers; better integration of suppliers and vendors; better channel partnership; lower transaction costs; better market understanding and expanded geographical coverage (Ghosh, 1999; Hoffman et al., 1997). However, the benefits gained from such technological applications are achievable only when the technology is fully accepted and utilized by the users (Moore & Benbasat, 1991; Taylor & Todd, 1995). Companies that invest hugely in this technology will be doomed to failure if their employees, suppliers and customers are not ready to accept such practices.

This paper would like to examine the current situation of e-marketing application in Chinese SMEs. The specific purpose is to gain an overall understanding of the current situation and explore the issues faced when SMEs attempt to effectively apply e-marketing in a regional economy.

2. UNDERSTANDING MARKETING AND MARKETING ACTIVITIES

2.1. The Definition of E-Marketing

E-business refers to the use of digital interactive technologies and information technology in order to conduct a firm’s business. It is a term that is often used synonymously with e-commerce and e-marketing. However, these latter terms are merely parts of those e-business activities.

E-marketing makes use of these same technologies specifically as a logical extension to complete the traditional market practices of creating, communicating and delivering value to customers. Closely aligned with this, e-commerce refers specifically to the facilitation of the transactions created by the businesses marketing activities. In the same manner, internet marketing and e-marketing are often used synonymously and taken to mean the same thing (O’Connor et al., 2004; Strauss & Frost, 2005). The Internet is the arena where e-commerce takes place; it provides information via the World Wide Web, e-mail, allows for real-time communications and enables the sharing of databases.

However, e-marketing is about much more than just the internet. It involves other technologies that enable customer relationship management, enterprise resource planning, supply chain management, text messaging, bar code scanners and digital TV. For this study, the definition of e-marketing includes using the Internet and its related technologies and features such as the world wide web, web presences, e-mails, real-time communication, and delayed and mixed time communication to help achieve marketing objectives in conjunction with other marketing communication tools. The terms e-marketing and internet marketing will be used interchangeably and will be taken to include the activities of e-commerce.

2.2. The Competitive Advantages of E-Marketing for SMEs

E-marketing provides SMEs with the opportunity of developing successful economic businesses in ways that have never been available to them before. It puts these small and medium sized businesses in touch with previously unavailable global resources and opportunities so that they can communicate and conduct business with new and existing customers in an integrated and easy way.

E-Marketing has the potential to create value in two ways. First, by providing a close connection to a company’s business processes, e-marketing provides customers with direct access to firm resources. One example of e-marketing that connects customers to a firm’s business process is found when a firm provides customized support extranets for its customers. Typically, these extranets give customers access to relevant support knowledge bases, product documentation, and electronic communications with engineers. In this regard, customers become tightly integrated with the company’s product development lifecycle leading to much
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