THE IMPACT OF MOBILE MARKETING ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIERGIA

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ABSTRACT

The objective of this research work is to investigate the impact of mobile marketing on performance of Small and Medium Enterprises in Lagos, Nigeria. Mobile marketing is one of the latest direct marketing communication channels and is becoming increasingly popular among marketers, owing to an array of benefits it offers, both to the potential customers as well as businesses. Structurally, the paper investigates the value of incorporating mobile marketing into the marketing mix, and especially direct marketing practices of business enterprises. The study sampled eighty seven SMEs operating in Lagos state and used correlation analysis. The findings revealed significant relationship between mobile marketing and performance of SMEs in Lagos state in terms of efficiency and marketing.

Keywords: *Electronic marketing, SME performance, managers*

INTRODUCTION

The Small and Medium Enterprises (SMEs) as defined by the National Council of Industries are business enterprises whose total cost excluding land is not more than two million naira (₦2,000,000) only. The Federal Ministry of Commerce and Industry defines SMEs as firms with a total investment (excluding cost of land but including capital) of up to ₦750, 000, and paid employment of up to fifty (50) persons.

Despite an understanding of the importance of MSMEs in Nigeria in particular, there is a dearth of information about their number, people they employ and sectors they operate in within Nigeria. The Micro, Small and Medium Enterprises are globally acknowledged as the oil required to lubricate the engine of socio-economic transformation of any nation. The MSME sector is strategically positioned to absorb up to 80% of jobs, improve per capita income, increase value addition to raw materials supply, improve export earnings and step up capacity utilization in key industries.

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established in 2003, to facilitate the promotion and development of a structured and efficient Micro, Small, and Medium Enterprises (MSMEs) sector that will enhance sustainable economic development in Nigeria.

Today, a world of mobile opportunity awaits for smart SMEs who are willing and able to get behind the mobile revolution and put a mobile marketing strategy in place. And it does not have to require a huge commitment in terms of time or budget.

The Emphasis on impact of mobile marketing on the productivity and performance of SMEs can be considered as an issue of much apprehension to Entrepreneurs, scholars and practitioners in developing economy, such our in Nigeria. Globally, the use of mobile technology to increase productivity and performance is one of the challenges confronting SMEs presently in developing country due to the lack of knowledge on the benefits of mobile technology in their businesses. However, there is the need for changing roles of SMEs operation to meet the global challenges. In developing countries, ability to continuously upgrade functions, processes and productive in business has become a matter not only innovativeness but ultimately for business continuity and survival. mobile technology is expected to improve SMEs operation performance in a form of adverts, promotions, transactional convenience, saving of time and quick transaction, as well as better customer relations. The extent to which SMEs can benefit from mobile technology is worthy of exploration. The impact of mobile technology on SMEs operation performance has not been greatly explored in Nigeria.

SMEs still face the challenge of effective performance, largely attributed to many factors such as: the lack of access to credit, inadequate information to make informed decision, the lack of expertise, digital illiteracy, high cost of access to information technology infrastructure and high taxation.

SMEs in Nigeria, still primarily employ traditional marketing methodologies and tools to operate. These traditional means of operations very often has resulted in the collapse of these SMEs within the first 2-6 years of existence. Rouf (2012), argued that advancing SMEs are the sole way in the attainment of the MDGs and in structuring an international financial approach which rally the wants of the deprived people. Moreso, majority of the SMEs do not integrate mobile marketing tools in their operations because of reasons such as inadequate finances, lack of technical knowledge, seeming lack of applicability of mobile technology to the business that the SMEs are engaged in, ineffective mobile marketing strategy, immeasurable results, higher bounce rate among others. The study therefore investigates The Impact of mobile marketing on the performance of SMEs in Nigeria.

LITERATURE REVIEW
Empirical studies on Mobile Marketing Impact on Performance

The performance of SME businesses is defined by their capability to lead to the creation of employment and wealth by business start-up, survival and sustainability.

The adoption of mobile marketing by SMEs provides the ability of rapid access to data, assessment, processing and dissemination of large data volumes (Bazhenova, Taratukhin & Becker, 2012). SMEs are adopting mobile marketing for cost-effectiveness and as a result of cheaper mobile apps/products (Alam, 2009).

Over the past few years mobile marketing has opened up new opportunities for firms to communicate and engage with their target audience in a more effective way. However, the potential of this tool has not been fully exploited. A lack of experience in mobile marketing among marketers and the current status of this phenomenon are believed to attribute to this shortcoming.

Methdology

The study adopts multi-stage sampling technique to obtain study sample. In the first stage purposive sampling is done based on years of enterprise existence hence SMEs which have been in existence for a range of period of years are picked thus 5,000 were obtained. SMEs are then stratified into five groups Agriculture, Manufacturing, Transportation, Wholesale and Retail trade, and Entertainment and 10% are selected from each group given a sample of 321 SMEs and then simple random sampling technique is applied where each enterprise from the five aforementioned business sectors are assigned a serial number in its respective category and the numbers picked at random. The final sample size is therefore 220 SMEs from which owner managers are sampled as shown below in Table 3.2

Table 3.2: Sample Size

Selected Business Sectors	Frequency	Sampling ratio	Sample size
Agriculture	350	0.10	35
Manufacturing	400	0.10	40
Transportation	610	0.10	61
Wholesale and Retail Trade	730	0.10	73
Entertainment	110	0.10	11
Total	2,200		220

Source: SMEDAN (2017)

Method of data Analysis

Data is then analyzed using descriptive statistics, regression and correlation with the aid of Statistical Package for Social Sciences (SPSS). Correlation was used to find out whether dependent variables of operational cost, efficiency of business operations and marketing and sales are correlated with SMEs performance. Multiple regression analyses was used to determine whether independent variables (operational cost, efficiency of business operations and marketing and sales) have any significant effect on SMEs performance.

Correlation of the Study Variables

		SME Performance	Operational Cost	Efficiency of business operations	Marketing and Sales
SME Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Operational Cost	Pearson Correlation	-.502**	1		
	Sig. (2-tailed)	.001			
Efficiency of business operations	Pearson Correlation	.461**	-.733*	1	
	Sig. (2-tailed)	.000	.000		
Marketing and Sales	Pearson Correlation	.646*	-.593**	.567**	1
	Sig. (2-tailed)	.000	.000	.000	

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed).

N = 87

Multi-variate Regression Analysis

As shown by R, there is an association between the combined independent variables and the dependent variable, with an intensity of 0.4863. As shown by the adjusted R2, the independent variables explain 18.42% of the changes in SME performance in Lagos. The difference between R2 and the adjusted R2 shows the size of the error in the error term as shown in Table 4.7.

Table 4.7: Model Summary

Model	R	R Square	Adjust R square	Std. Error of the estimate
1	.4863(a)	.23648769	.1842281	.4082

a Predictors (Constant): Operational Cost, Efficiency of business operations, Marketing and Sales

The study reveals that there is a good model fit as indicated by an F-value of 8.888, with the model being reliable up to 97.5% level as shown in the Analysis of variance (ANOVA) table (Table 4.8).

Table 4.8: ANOVA

Model	Sum of Squares	DF	Mean Square	F	Sig.
1 Regression	1018.007	3	339.336	8.888	.025(a)
Residual	954.428	25	38.177		
Total	1972.435	28			

a Predictors (Constant): Operational Cost, Efficiency of business operations, Marketing and Sales

b Dependent Variable: SME Performance

The following model was established from the coefficients matrix table (Table 4.9)

$Y = 0.9572 - 0.057 X1 + 0.073 X2 + 0.068 X3$, measured without error.

All the variables, other than the constant, were individually statistically significant at 5% significance level as was indicated by the p-values. The t-values further revealed that all the variables, including the constant, are statistically significant, with values that were greater than absolute 1.96. From the standard error results (non-standardised coefficients on Table 4.9); operational cost is the most representative individual variable of the three independent variables as it has the least standard error.

Table 4.9: Coefficients

Model	Non-standardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta	B	Std. Error
1 (Constant)	.9572	.3167	.759	3.0224	.379
Operational Cost	-.057	.026	.055	-2.1923	.004
Efficiency of business operations	.073	.030	.069	2.4333	.001
Marketing and Sales	.068	.033	.060	2.0606	.018

DISCUSSION AND CONCLUSION

The study findings reveal that there is ease of access of detailed marketing and sales information by consumers about products or services at the point-of-sale through the use and application of mobile marketing, allowing for a better consumer purchase decisions to be made instantaneously (Mort & Drennan, 2002). Additionally the findings agree that with innovative applications like Bluetooth and RFID (radio frequency identification) (Komulainen, et al 2004), the mobile device allows customers to reach (or be reached by) the enterprises anywhere and anytime, in real time. Such conditions are important, particularly when there is time or location sensitive information to be delivered. In other words, the mobile phone increases consumer connectedness. The interactive capability of mobile phone campaigns allows small and medium enterprises to build up-to-date customer databases by inviting customers to sign up for a campaign, or text back information(Clarke, 2001; Varshney & Vetter, 2002).

The study findings show the impact of mobile marketing which enhances operational efficiency within SMEs in Lagos through the potential development and the creation of a competitive advantage over competitors (Evanoff & Örs, 2002. Such practices of efficiency facilitate SMEs to design, produce and market its products more efficiently than its competitors. Additionally the findings agree that reducing the cost of doing business, increasing the speed of delivery, enhancing the flexibility, and achieving economies of scale are the main characteristics of production and efficiency practices in small and medium enterprises for SMEs in Lagos via reengineering (OECD, 2002).. These activities work together to achieve better service quality, increase productivity performance, lower cost of production and/or distribution, and better customer service.

The study concludes that SMEs in Nigeria should adopt mobile marketing so as to enhance and improve organizational performance of their organizations.

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