

**DETERMINANTS OF ONLINE MARKETING ADOPTION AMONG SMALL AND
MEDIUM ENTERPRISES IN NAKAWA INDUSTRIAL AREA, UGANDA:**

BY

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DECLARATION

I, Christine Luyiga, do hereby, declare that this research report is my original work and has never been submitted for any award in any university or institution of higher learning.

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APPROVAL

This is to certify that this research report by Christine Luyiga was done under our supervision and is ready for submission for examination with our approval as university supervisors

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DEDICATION

I dedicate this dissertation to my family and friends for their moral and social support throughout the entire academic journey.

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Through this academic process, I want to thank God for his mercy and grace. There would not have been an easy way to produce a scholarly paper without relying on the efforts and support of various people.

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LIST OF ACRONYMS

DV	Dependent variable
IV	Independent variables
SMEs	Small and Medium Enterprises
TAM	Technology Acceptance Model (TAM)
UTAUT	Unified Theory of Acceptance and Use of Technology

ABSTRACT

This study examined the determinants for online marketing adoption among Small and Medium Enterprises (SMEs) in Nakawa Industrial Area. Specifically, the study examines the relationship between perceived usefulness and online marketing adoption, perceived ease of use and online marketing adoption, as well as the moderating role of attitude in this relationship. The study adopted a cross sectional survey. The study population comprised of 246 SME firms and a sample of 150 firms were drawn using systematic sampling. Data were collected through surveys administered to SME owners and managers, and interviews were conducted with some SME owners. The study analyzed data using descriptive, correlations and regression analyses. The findings reveal that both perceived usefulness and perceived ease of use are significantly related and influence online marketing adoption among SMEs. Additionally, it was found out that attitude plays a mediating role between perceived ease of use and online marketing adoption while for perceived usefulness, it does not have a statistically significant role. These findings underscore the importance of considering factors such as perceived benefits, ease of use, and individual attitudes in promoting the adoption of online marketing strategies among SMEs in Uganda. The study extends the following recommendations to those seeking to enhance SME competitiveness and sustainability in the digital age; prioritizing investment in digital skills development for SME owners and employees to enhance their proficiency in online marketing strategies, selecting online marketing platforms and tools that are user-friendly and intuitive to use, considering factors such as ease of navigation, simplicity of interface, and availability of support resources and reflecting on the success stories and testimonials from other SMEs that have successfully implemented online marketing strategies.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Online marketing is a cutting-edge idea that today appeals to many organizations. Online marketing is expanding quickly as a result of businesses turning away from old-fashioned marketing strategies and using the internet and electronic media to boost their promotional efforts (Yaseen et al., 2019). Online marketing has thereby changed how consumers and businesses interact, exchange information, and transact business (Schutte & Chauke, 2022). Therefore, this study examined the determinants of online marketing among Small and Medium Enterprises (SMEs).

1.1 Background to the Study

The background is presented in four sections that include the historical, theoretical, conceptual and contextual backgrounds.

1.1.2 Historical Background

The foundation for online marketing was laid with the creation of ARPANET, the precursor to the modern internet, in the late 1960s (Gay et al., 2007). In the 1970s and 1980s, email emerged as one of the earliest forms of online communication (Grossnickle & Raskin, 2002). Marketers began to experiment with sending promotional messages to users via email. The phrase "online marketing" was then first used in the 1990s (Kreutzer, 2016). The introduction of the internet enabled users to obtain the information explains the beginning of an online age (Yoo, 2010).

At the time, marketers were still wary of the web platform everywhere in the world (Lim, 1990). They were not sure if their tactics would work because the internet had not yet become widely used. Hotwired purchased a couple of the earliest clickable banners for their American advertising after they went live in 1993. This marked the beginning of the era of online

marketing (Ritz & Mcquitty, 1995). The advent of these search engines caused profound changes in the field of internet marketing.

Businesses began adapting their websites to enhance visibility and secure higher rankings in search engine results. In 1996, the landscape witnessed the introduction of several new search engines and tools. Moreover, the rise of social networking platforms further revolutionized the industry, presenting businesses with novel commercial prospects and inaugurating a new era (Ritz & Mcquitty, 1995). As companies sought to capitalize on these platforms, they necessitated fresh strategies for brand promotion and leveraging social networks effectively.

Since then, the globe has vanished and digital marketing is far too frequently used these days (Dodson, 2016). However, this is not entirely accurate. While it is true that the world is changing, a growing gap is emerging between those who are directing the change and benefiting from it and those who are lagging behind and missing out on numerous opportunities. For instance, in African continent, there has been a market explosion as a result of the continent's quick economic growth, rising urban population, and rising youth population. While local brands and startups are growing, international brands are still flooding the African continent. Digital marketing is urgently needed by brands and is in high demand, gradually becoming an essential pillar of African economic growth (Thaha et al., 2021).

In Uganda, firms have been slow to adopt digital marketing. Finding the ideal digital channel for a company's needs has been the toughest issue for marketers. However, the rapid growth of social media sites has seen a gradual growth in digital marketing in Uganda today. The most popular social media sites in Uganda, according to Uganda Communications Commission Report (2021), are Facebook (53.27% usage), Youtube (3.34%), Pinterest (20.99%), Twitter (16.82%), Instagram (5.27%), and LinkedIn (0.11%).

All in all, Online marketing is a cutting-edge idea that today appeals to many organizations. Online marketing is expanding quickly as a result of businesses turning away from old-fashioned marketing strategies and using the internet and electronic media to boost their promotional efforts (Yaseen et al., 2019). Online marketing has thereby changed how consumers and businesses interact, exchange information, and transact business.

1.1.2 Theoretical Background

The Unified Theory of Acceptance and Use of Technology (UTAUT), an expansion of the Technology Acceptance Model (TAM) that incorporates more significant aspects, serves as the foundation for this study (Venkatesh et al., 2003). According to UTAUT, the real use of technology depends on behavioural intention, which is influenced by a number of core ideas.

Performance Expectancy; relates to the degree to which the technology is expected to improve performance (Dwivedi et al., 2019).

Effort Expectancy; relates to the ease of use and the effort required to use the technology (Momani, 2020).

Social Influence; How the opinions and behaviors of others, such as colleagues or industry peers, influence the adoption decision.

Facilitating Conditions; Refers to the support and resources available to individuals or organizations to use the technology effectively (Venkatesh et al., 2012)

UTAUT has been extensively tested and validated in various contexts, including technology adoption in business settings (Williams et al., 2015). Its empirical foundation provides confidence in its ability to explain adoption behaviour. Therefore, in this study, the UTAUT was customized to suit the unique circumstances of SMEs. SMEs may consider these factors when deciding whether to adopt online marketing practices.

1.1.3 Conceptual Background

This study selected perceived usefulness and perceived ease of use as key determinants for online marketing adoption for testing. These determinants have been acknowledged by various academics as being able to explain trends in online marketing for small businesses (Ritz & Mcquitty, 2018). According to Chaffey (2006), online marketing adoption to accomplish marketing goals is increasing becoming important in the online age. For organizations to successful accomplish marketing goals, online marketing becomes paramount because it provides avenues for conventional communications. Online marketing includes all forms of online activity, such as email and social networking, and use of websites for advertising (Jaakkola, 2007).

According to Yaseen et al. (2019), online marketing is the technique of using computers, mobile phones, smart phones, and other internet devices to promote goods and services through online platforms and channels. The usage of online media has altered the way that marketers and consumers communicate these days. Online ad spending has been growing at an exponential rate due to the fact that a significant portion of the global consumer base owns and uses computers and/or mobile devices (Parkin, 2016). In recent years, marketers have spent billions of dollars on global social network advertising.

Miranda, Rubio, Chamorro, and Loureiro (2016) asserts that perceived usefulness is the extent to which a person feels that utilising an online marketing platform would be beneficial to him." According to Davis (1989), clients are more likely to accept an internet marketing platform when they perceive it to be easier to use. The definition of "ease" is "freedom from difficulty." Perceived ease of use explains how much a user believes a particular technology will be easy to use, or how much work they think a system will require to run (Davis, 1989).

Attitude was a mediator in this study which is assumed to have a critical role in the adoption of online marketing strategies by influencing how individuals perceive, engage with, and respond to digital marketing efforts. Attitude refers to a person's overall evaluation of a particular object, behavior, or experience, and is formed through cognitive (beliefs), affective (feelings), and conative (intentions) dimensions (Ajzen & Cote, 2008). Understanding the dynamics of Attitude is essential for businesses aiming to leverage online marketing effectively. A positive attitude toward online marketing has been shown to influence consumer willingness to engage with digital content, ultimately leading to higher adoption rates of online platforms for purchasing and interaction (Zhang, McGinley & Mao, 2024).

1.1.4 Contextual Background

SMEs in Uganda occupy over 60% of total businesses under the ownership of both local and foreign nationals. They are classified based on what they deal in for example, SMEs in non-specialized stores which occupies 45%. These include supermarkets and departmental stores. There are also specialized stores, in textiles, footwears and leather goods, hardware, appliances (UBOS Report, 2021). Because of the increasing number of SMEs, competition is becoming extremely high. Therefore, implementing cutting-edge online marketing strategies and technologies is crucial for the success of SMEs since they depend on customer acquisition, retention, and development to keep up with the pace of competition (Alfonsi et al., 2021).

Despite the benefits of online marketing, SMEs in Uganda and most especially in Nakawa Industrial Area have little knowledge of it because the majority of the material on the subject concentrates on large companies and organization. Consumers' purchasing habits for SMEs product remain unstable. There is a dramatic shift in consumer purchase behaviours (Pham, 2022). For instance, consumers physical interaction with products has drastically reduced, day by day tastes of consumers are unpredictable and there is a lot of flexibility in consumer

purchase patterns. Furthermore, consumer purchase behaviours are influenced by the negative emotions, anxiety and depression. These makes it very difficult for SMEs in Nakawa to rely on traditional marketing. Customers in Nakawa Division are so demanding and are more likely to switch service providers frequently as a result of the introduction of new marketing strategies and internet channels for SMEs (Ritz & Mcquitty, 2018). SMEs have to constantly review and reaffirm their strategies, switch to online marketing in order to remain competitive in the market (Ritz & Mcquitty, 2018).

Whereas, this is the case, previous scholars (Pham, 2022, Jenyo & Soyoye, 2015) have established that adoption of online marketing plays a significant role in influencing consumer purchase behaviour. However, adoption of online marketing depends on the perceived usefulness, perceived ease of use and attitude but this is not empirically supported in the context of Uganda's SMEs. It is therefore against this ground that this study investigated the determinants for online marketing adoption among SMEs in Uganda.

1.2 Statement of the Problem

Online marketing adoption has been growing very fast despite being less dominant in developing countries compared to Western countries; 74% in the U.S, 81% in the UK, and 69% in China. Whereas, online marketing is fundamental in addressing marketing challenges, SMEs in Nakawa have been slow to adopt it. Majority of SMEs in Nakawa Division are still using traditional marketing approaches to match consumer demands. Much as the users of digital devices has grown over years, very few users use it for marketing activities such as placement of orders and online purchase (Statista Global Consumer Survey, 2022). The report further indicates that the number of customers in Kampala Metropolitan area who purchased at least a product online in 2021 constituted only 11.5%. Furthermore, the recent survey by Statista Global Consumer Survey (2022) shows that digital advertisement for products by SMEs in

Nakawa was at only 8.9% compared to other industries such as entertainment media (21.2%), telecommunication (21.1%). This explains slowest online marketing adoption amongst SMEs in Nakawa Division. Whereas, prior studies such as Pham (2022), Jenyo and Soyoye (2015) contend that adoption and success of online marketing is influenced consumers perceived usefulness and ease of use, very few of them have been conducted the context of Uganda. This therefore required the study.

1.3 General Objective

The main aim of the study was to assess the determinants of online marketing adoption amongst SMEs in Uganda, considering selected SMEs in Nakawa Industrial area.

1.3.1 Specific Objectives

The study addressed the following objectives;

- i.** To examine the relationship between perceived usefulness and online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- ii.** To assess relationship between perceived ease of use and online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- iii.** To establish the influence of attitude on online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- iv.** To assess the extent to which the relationship between perceived usefulness and online marketing adoption is mediated by attitude among Small and Medium Enterprises in Nakawa Industrial Area.
- v.** To examine the extent to which the relationship between perceived ease of use and online marketing adoption is mediated by attitude among Small and Medium Enterprises in Nakawa Industrial Area.

1.4 Study Hypothesis

The study tested the following hypotheses;

- H1** There is a significant relationship between perceived usefulness and online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- H2** There is a significant relationship between perceived ease of use and online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- H3** Attitude has a significant direct influence on online marketing adoption among Small and Medium Enterprises in Nakawa Industrial Area.
- H4** The relationship between perceived usefulness and online marketing adoption is significantly mediated by attitude among Small and Medium Enterprises in Nakawa Industrial Area.
- H5** The relationship between perceived ease of use and online marketing adoption is significantly mediated by attitude among Small and Medium Enterprises in Nakawa Industrial Area

1.5 Scope of the Study

1.5.1 Content Scope

The study established the determinants of online marketing among SMEs in Uganda. The main contents of the study were perceived usefulness and ease of use and how they related to online marketing adoption. Attitude was adopted as a mediating variable of the study. The study explicitly assessed whether perceived usefulness and perceived ease of use significantly related with online marketing adoption amongst Small and Medium Enterprises and assessed whether attitude had a mediating role.

1.5.2 Geographical Scope

The study was carried out in Small and Medium Enterprises in Nakawa Industrial Area. This area was confined with a number of SMEs which among include super markets, wholesale shops. The area was accessible to the researcher which eased the process of data collection since it was easy to reach out to a number of target respondents at a lower cost and within the time frame for this study

1.6.3 Time Scope

The research project reviewed pertinent books, articles, and reports published since 2000. The period was considered by the researcher because it was within this period that online marketing started gaining wide recognition globally and has witnessed a rapid growth in the adoption of online marketing and yet SMEs continue to lag behind in regards to adoption of online marketing. This specific study was projected to be completed within 6 months.

1.6 Significance of the Study

To the researchers, the study provides more insights and information required to inform future studies on how perceived usefulness, perceived ease of use and attitude affect the adoption of online marketing in SMEs.

To SMEs, the research findings encourage management of those businesses to assess their readiness and that of customers to adopt online marketing. The findings reveal what is perceived to be important determinants of online marketing adoption among SMEs in Uganda.

1.7 Conceptual Framework

The conceptual framework below hypothesised that perceived usefulness, perceived ease of use and attitude were the drivers for the adoption of online marketing in SMEs.

Determinants (IV)

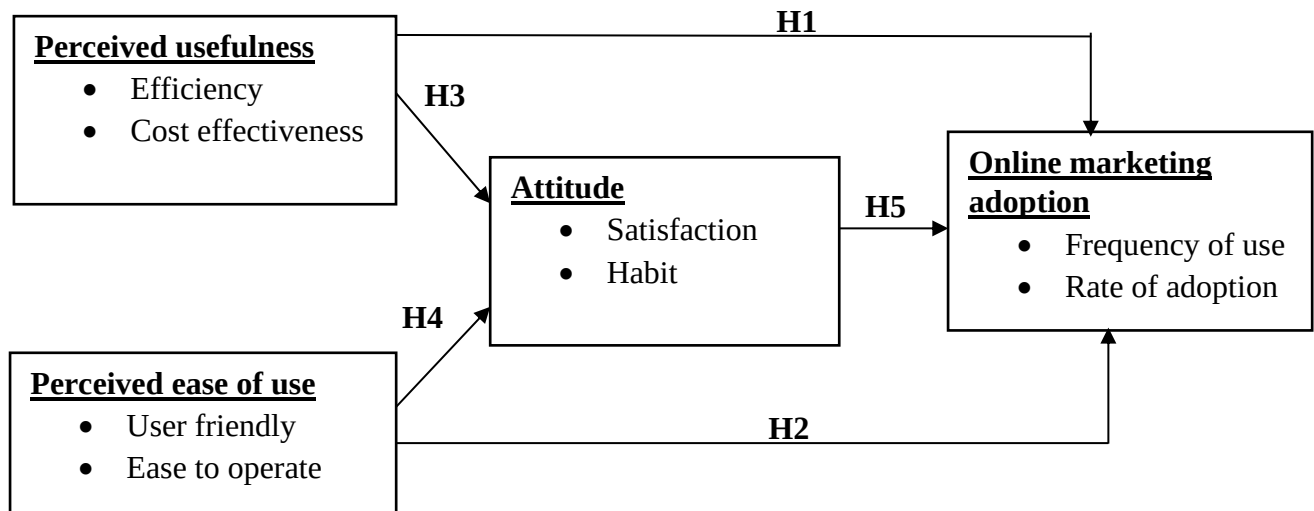


Figure 1.1: The Conceptual Framework

Source: Adapted from Eze et al. (2020), modified by the researcher (2023)

The relationship between the perceived usefulness and ease of use and adoption of online marketing was hypothesised and shown by the conceptual framework. It also demonstrated how attitudes might affect adoption by influencing perceived ease of use and usefulness. Perceived utility and perceived ease of use were the factors that determined the adoption of online marketing, according to Eze (2020). This study used the effectiveness and cost-effectiveness of the internet marketing platforms to gauge perceived usefulness. The user's ability to use and learn the system was used to gauge perceived ease of use. Conversely, habit and satisfaction were used to measure attitude, a mediating variable.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature from prior studies that informs this study on the theoretical lenses, methodological approaches used. The chapter is arranged basing on the objectives that guided this study.

2.1 Theoretical Framework

The Unified Theory of Acceptance and Use of Technology (UTAUT) is an expansion of the Technology Acceptance Model (TAM), which was originally designed to explain user acceptance of information technology. UTAUT, introduced by Venkatesh et al. (2003), enhances TAM by integrating four key constructs: performance expectancy, effort expectancy, social influence, and facilitating conditions. UTAUT has been widely tested and validated in various settings, including business contexts, as noted by Williams et al. (2015). Its strength lies in its robust empirical foundation, which provides confidence in its ability to explain technology adoption behavior across diverse industries and contexts.

In this study, UTAUT was customized to reflect the unique circumstances of small and medium-sized enterprises (SMEs). SMEs often have limited resources, different strategic priorities, and face unique challenges compared to larger enterprises, which necessitates a tailored application of UTAUT. By considering factors such as resource constraints, market pressures, and the evolving digital landscape, SMEs may be better equipped to decide whether to adopt online marketing practices.

Technology Acceptance Model (TAM)

The Technology Acceptance Model was created by Davis in the late 1980s. The theory asserts in the adoption of technology, people are only willing to accept and use information technology that they perceive to be useful, easy to use and can be trusted (Sarika et al., 2016). The theory assumes that behaviour-based factors explain how well technology is received by individuals. Whereas, the theory is useful in explaining why there is slow adoption of online marketing in SMEs, prior studies such as Nistor et al. (2014) asserts that TAM has a number of flaws. To his argument, the theory omits the actual use of the technology in favour of a heavy emphasis on perceived usefulness as the main driver of technical adoption. Yet, in order to understand the drivers for the adoption of online marketing, the actual use of the technology must also be considered.

2.2 Empirical Review

The study reviewed prior studies that explored the drivers for online marketing. This was to get insights on their methodologies and findings in regards to various drivers especially the contribution of perceived usefulness, perceived ease of use and attitude.

2.2.1 Perceived Usefulness and Adoption of Online Marketing

Prior studies have investigated the impact of perceived usefulness on the adoption of online marketing among which include; Ozturk et al. (2016); Tojib and Tsarenko (2012); Hess et al. (2014); Stocchi et al. (2019); and Mungai (2017).

According to Tojib and Tsarenko (2012) and Stocchi et al. (2019), perceived usefulness can be interpreted as people's assessment of whether using or implementing a particular service is advantageous for their enterprises. Additionally, Perceived Usefulness is defined by Ozturk (2016) as the desire of individuals to use a new technology for their enterprises and their strong feeling of belief that the new technology will enhance their business performance. Therefore,

in this study, perceived usefulness is viewed as individual's assessment that when the products are offered online, they will embrace as they consider online marketing useful in the purchasing process and at the same time business performance is also enhanced.

Mungai (2016) conducted study on the factors influencing the use of online marketing by small enterprises in Kenya. The target group for the study consisted of 215 SMEs. The study's findings showed that factors related to technology, such as comparative advantage or perceived usefulness, had an influence on the uptake of online marketing. The findings revealed that views of a technology's utility had a substantial impact on the adoption of internet marketing.

Similarly, Hess et al. (2014) studied the variables influencing small Ethiopian businesses' adoption of digital marketing where over 76% of customers embraced online marketing and were willing to increase their online orders. The study findings revealed that a substantial positive association between adoption of the internet marketing system and perceived usefulness. Wendy et al, (2018) also investigated the antecedents for digital marketing systems by a small and medium enterprises and the results showed that perceived usefulness had a substantial association with the adoption of digital marketing by small businesses, as well as perceived usability by the various users.

Furthermore, empirical study by Kim and Song (2010) on the relationship between customer purchasing intentions and the adoption of online marketing, discovered that perceived utility had a substantial impact on consumers' online purchasing intentions. Their findings contend that organisations would quickly adopt the strategy of digital marketing if they anticipated receiving valuable client traffic towards their goods and services. Widyastuti, Hartini and Artanti (2020) in their investigation of the variables influencing attitudes toward online purchasing in Indonesia, established, examined customers having prior experience making

purchases online via social media. Their study's findings indicated that consumer attitudes toward making online transactions are influenced by perceived usefulness.

In the same vein, Husin et al. (2019) investigated the effect of perceived risk and perceived usefulness play in enhancing online intention among Malaysia's Generation-Y. Findings supported the idea that all aspects of perceived risk and usefulness had contributed significantly to consumers' improved intention to shop online. A strong positive association exists between every aspect of perceived usefulness and online intention.

In conclusion, perceived usefulness has been supported by prior studies as an influential driver of online marketing. The arguments from the studies seem to agree. However, there is a mix in methodological approaches and context of studies which are areas of contention on whether the same findings would apply in the context of Uganda. There was a need to implore whether perceived usefulness drives online marketing in SMEs of Uganda.

2.2.2 Perceived Ease of Use and Adoption of Online Marketing

One of the core components of the Technological Acceptance Model is perceived ease of use. A number of studies have investigated on the factors that influence whether people or groups decide to use something.

Van Tonder and Heymans. (2020) describe perceived ease of use as the sense of effortlessness (and comfort) that users have when using a certain technology. In light of these definitions, in this study, perceived ease of use is viewed as consumers' assessment of how simple it is to learn how to use the technologies used in online marketing.

This study is based on the Technology Acceptance Model, which has been extensively tested in the field of information technology research and has been shown to influence different organisations' decisions to use online marketing (Kim & Forsythe, 2018). Perceived usability

is a crucial factor in organisations' adoption of online marketing, claim Makmor et al. (2019). Perceived simplicity of use was found to have a significant impact on small and medium-sized firms' adoption of online marketing.

Similarly, according to Guriting and Ndubisi (2020), the adoption of online marketing by businesses is significantly and favourably influenced by ease of use based on empirical evidence from the Malaysian small business sector. Additionally, a different study by Stocchi et al., (2019) in the UK's mobile app market indicated that perceived usefulness had a favourable and significant impact on firms' motivation to promote using. Similar findings from Dong et al. (2017) in China revealed that perceived ease of use positively influenced businesses' use of online marketing technologies.

In conclusion therefore, perceived ease of use drives the adoption of online marketing. However, what is not clear is whether this can apply in the context of Uganda. Consumers in different contexts have different behaviours that play a significant role in an individual's perception of the existing technology. Not all consumers across the globe may have same confidence in the online marketing. As a result, this study examined whether indeed perceived ease of use would determine the adoption of online marketing in SMEs of Uganda.

2.2.3 Influence of Attitude on the Determinants of Online Marketing Adoption

Whereas, majority of the studies have largely focused on exploring the determinants for online marketing adoption, one area of contention that has not openly come out from these studies is whether attitude has a mediating role. Here, this study reviews literature that gives insights on the mediating role of attitude on the determinants for online marketing adoption. The determinants of online marketing adoption through attitude have been studied by a number of scholars (Malik, Suresh, and Sharma, 2017, Bellman et al., 1999, Leonard-Barton and Deschamps, 1988, Im et al., 2003, Agarwal and Prasad, 1998, O'cass and Fenech, 2003). The

role of attitude should not be underestimated especially when businesses would like to introduce online marketing strategies that will easily be adopted by the targeted customers.

Malik, Suresh, and Sharma (2017) in their investigation to explore the factors that trigger the app adoption among Indian consumers, found that attitude is one of the key elements of continued use of IT. It transforms users' intentions to utilize a certain technology into habits. Nguyen et al. (2017) also investigated the mediating role of attitude toward online advertising adoption and purchase intention. They established that perceived usefulness demonstrated an impact on online advertising adoption through attitude. Perceived usefulness of the advertising technology elicits mixed feelings in consumers, which in turn impacts their general attitude and thereby encouraging online advertising technology (Ducoffe, 1996).

For social media online advertising adoption, attitude is particularly crucial (Taylor et al., 2011). There is a direct, one-way causal relationship between consumers' perceived usefulness and ease of use and online marketing adoption. However, attitude influences how customers decide whether to make an online purchase which explains varying levels of online marketing adoption (Zhu & Kanjanamekanant, 2021). Mitchell and Olson (1981) also emphasize the value consumer attitudes toward linking perception and online marketing adoption. They proposed that attitudes affect consumers' perception of online marketing benefits and ease of use. Attitude alters how they perceive the online advertised brand. A crucial indicator of the success of advertising is attitude toward it (Wang & Sun, 2010).

According to Arora and Agarwal (2019), a person's attitude affects how customers perceive the usefulness and ease of use of given technology. As a result, marketers should always be interested in attitudes because it predicts consumer behaviour towards online marketing adoption. Gaber et al. (2019) also contends that because media perception affects attitudes

toward advertising, marketers need to understand how people view online marketing before they employ online advertising effectively (Arora & Agarwal, 2019).

According to Ahn et al. (2007), consumer attitudes explains the effect of customer perception of online marketing. Consumer perception of online marketing can be significantly influenced by their attitudes (Wu, 2003). Lisitsa and Kol (2016) also assert that perceived ease of use and perceived usefulness influences technology adoption through consumers' attitudes. Soopramanien and Robertson (2007) also established that multidimensional construct of attitude toward online shopping is based on the consumer's acceptance of the internet as a medium for purchasing as well as their attitude toward a particular online retailer.

Attitude is seen as the direct cause of any intention to engage in a behaviour (Fishbein et al., 1980). Online marketing adoption intentions rise when there is a positive attitude (Seock & Norton, 2007). Jones et al. (2002) in the same way contends that attitude explains how much a given technology will be used. A different study by Leonard-Barton and Deschamps (1988) also supports that user who have a positive attitude adopt a given technology.

2.3 Literature Gap

Whereas, prior studies seem to agree that perceived ease of use and perceived usefulness determine online marking adoption, it is observed that very few studies have established the role of attitude as a mediator. Similarly, majority of the studies have been conducted in developed countries while very few have focused on developing countries such as Uganda. Even those conducted in Uganda, none of them has investigated SMEs in Nakawa Industrial Area.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology of the study and covers the key elements that were considered to achieve the objectives of the study as discussed below.

3.1 Research Approach

The study adopted a mixed approach of research. This involved blending both quantitative and qualitative approaches. The study collected and analysed both quantitative and qualitative data. Besides, the mixed approach enabled triangulation which is a determinant of validity of the study (Creswell, Hanson, Clark Plano & Morales, 2007). Therefore, quantitative approach was used to gather quantitative data through questionnaires and analysis performed statistically to test the study hypothesis. Meanwhile, qualitative approach was used to gather qualitative data through interviews to provide an in-depth analysis.

3.2 Research Design

A cross-sectional survey design was adopted where a cross section of firms was considered for the study. The study considered carrying out a systematic comparison of many SMEs in Nakawa Industrial Area at a single point in time as supported by (Bryman, 2006).

3.3 Study Population and Sample Size

The study gathered information from managers of selected SMEs in Nakawa Division. According to KCCA business survey Report (2022), there are only 246 SMEs in Nakawa Industrial Area which hence formed the study population of this study. In regards to the unit of inquiry, the study expected to collect data from managers or owners. For small firms, the owners were the key respondents who are pivotal centre of decision making regarding online marketing. However, for medium enterprises with well-functioning departments, managers

from either marketing, sales, business development and client relationship managers were the main unit of inquiry.

From a sample of 246 firms, a sample of 151 firms was scientifically drawn as guided by sample size determination calculator by Arifin (2018).



Raosoft®

What margin of error can you accept? 5% is a common choice	5 %
What confidence level do you need? Typical choices are 90%, 95%, or 99%	95 %
What is the population size? If you don't know, use 20000	246
What is the response distribution? Leave this as 50%	50 %
Your recommended sample size is	151

Figure 3. 1: Sample calculation

3.3 Sampling Technique

The sample of firms was selected through systematic sampling. Under this, the research randomly selected interval at which firms to be included in a sample was determined. Given that the study population was 246 and yet the sample was 150, the interval for selection was obtained by dividing 246 by 151 which hence was every 2nd item. Therefore, the researcher randomly selected every second firm as part of the sample as guided by (Saunders et al., 2015). This approach of selection was appropriate for this study since all the firms in the population had experience in marketing products online which made them equally eligible to participate in the study.

3.4 Sources of Data

To accomplish the study's goal, primary data was gathered. This form of data was appropriate for this study since it provided raw facts regarding the study context. The aim of the study was to obtain facts from managers and owners of SMEs in Nakawa on what they perceive to be the key determinants of online marketing adoption.

3.5 Data Collection Methods

To complete the study, both quantitative and qualitative data collection techniques were used. The main qualitative data collection technique was interviews while for quantitative technique, questionnaire method was the main data collection method.

3.5.1 Survey Method

The method was used to get quantitative data from owners or managers of firms since it allowed for the fastest collection of data from large samples (Sansoni, & Sansoni, 2011). The method allowed simple coding and statistical analysis of the research data (Hyman & Sierra, 2010). The study designed a self-administered questionnaire that consists of items that were adapted from prior studies.

3.5.2 Interview Method

In order to get detailed information, the research study used interview technique for acquiring qualitative data from 8 managers. This was required to gather detailed opinions and explanations regarding their perception on what determine online marketing among SMEs necessary to supplement to the quantitative findings. An interview guide with guiding questions for probing was developed. According to Hyman and Sierra (2010), interviews are supported due to the fact that they facilitate gathering detailed information and provide possibilities for probing.

3.6 Procedure for Data Collection

Prior to data collection, a cover letter was obtained from Directorate of Research and Publication of Kyambogo University. This was to make sure that respondents have confidence in the process. It was used to seek consent from interview respondents. The study first conducted pilot test study before commencing with the main study to ensure reliability and validity of study findings.

3.6.1 Pilot Test Study

Prior to the actual study, a pilot test was carried out, in which 10 participants were chosen at random from the study's actual sample. They were supplied with the questionnaires. This was to help the researcher validate, revise and modify the instrument for validity and reliability before the main study is carried out. The results from the pilot test are attached to appendix 4.

3.6.2 Main Study

Once the instruments were approved and were reliably established to be valid, questionnaire were distributed to the respondents (managers who have experience in online marketing) with the support of 2 research assistants carefully selected based on their experience with data collection. Arrangements were made with the respondents to interviews prior to schedule at their convenience. An interview guide was used to probe for more information.

3.7 Data Quality Control

For precision and consistency, the study-maintained validity and reliability throughout.

3.7.1 Validity

Validity is a measurement tool's capacity to accurately measure what it is intended to measure (Fraenkel, Wallen, & Hyun, 2015). Therefore, given that the questionnaire included self-reported questions, the researcher used factor analysis to check for common method bias and

common latent factors to establish construct validity where by each item's loading were larger than .50 which is supported by (Creswell & Miller, 2000).

3.7.2 Reliability

Cronbach alpha coefficient was used to test the questionnaire's reliability. According to Field (2009), the study variables that were taken into consideration had Cronbach alpha coefficients above 0.7. From the Factor loading results presented in Appendix 3, it is observed that only items that had a loading above the threshold 0.7 were included in the instruments for final data collection. From the results presented in the table below, it is observed that all variables had a Cronbach's Alpha coefficients of above the threshold of 0.7. This implies that the constructs were reliable.

Table 3.2: Reliability tests

Study variables	Cronbach's Alpha	N of Items
Perceived Usefulness	.704	6
Perceived ease of use	.747	6
Attitude	.802	5
Online marketing adoption	.749	5

Source: Primary Data 2024

3.8 Measurement of Variables

The key variables were; perceived usefulness which was measured using a set of items adapted from prior studies such as Lim (2010) and Eze (2020) to assess respondents' knowledge of the extent to which perceived usefulness influences online marketing adoption. Respondents were required to indicate their level of agreement with the items on a scale of 1 to 5.

Similarly, perceived ease of use was measured using a set of items adapted from prior studies such as Lim (2010) and Eze (2020). The items were measured in an ordinal scale following

Likert scale of 1-5. The scale was used to evaluate respondent's perceptions regarding influence of perceived ease of use on online marketing adoption.

On the other hand, online marketing adoption was measured by frequency of use and rate of adoption as guided by Ibrahim and Asare (2021). Respondents rated their opinions using Likert Scale. The Likert Scale was preferred for this study because it allows for the quantification of respondents' responses and facilitates statistical analysis to address this study's objectives.

Lastly, attitude was a mediator in this study and was measured based on satisfaction and habits of online marketing users (Chang et al., 2005). To measure each dimension, the study used a set of items adapted from prior studies (Chang et al., 2005) to assess respondents' knowledge of the selected dimensions. Respondents were required to indicate their level of agreement with the items on a scale of 1 to 5.

3.9 Data Analysis

For triangulation purposes, the study used both quantitative and qualitative data analysis (Singh, 2007). This ensured that the weaknesses of one type of data approach are counterbalanced by the advantages of another.

3.9.1 Quantitative Analysis

For correctness and completeness, the data was cleansed, missing values were removed, and outlier discrepancies were removed. SPSS version 24.0 was subsequently used to process and analyse the data. Pearson's correlation coefficients were used to determine the relationship. Regression analysis was conducted to establish the extent to which attitude mediates the relationships.

3.9.2 Qualitative Analysis

Data collected through interviews was edited and verified for completeness and correctness. The analysis was done to complement quantitative data. The qualitative data was first organized into relevant information and then evaluated (Creswell, 2014). Thematic content analysis was used to establish and present the emerging variables from the study (Wickham, 2016).

3.10 Ethical Considerations

According to Cooper and Schindler (2014), the basic goal of research ethics is to make sure that no one is forced to participate in research or has negative consequences as a result. An introduction letter was got from the Directorate of Research and Publication of Kyambogo University prior to commencement of data collection. The study obtained authorization from management of SMEs to collect data from owners or managers. The respondents' anonymity was upheld, and their consent was obtained before they took part in the study. The information gathered from the field was used for academic research.

3.11 Limitations of the Study

This study experienced methodological constraints among which include;

Sampling errors; this was expected to arise because of the difficulty to arrive at the most appropriate sample frame. However, the researcher ensured that sampling errors were minimized by adopting random sampling to reduce subjectivity and the study through literature review identified likely sampling errors in previous studies so as to avoid making the same.

Time constraints; the study was expected to be conducted within six months hence it required data to be collected at a single point in time which may have reflected trends that occurred within different time frames. However, this study recommends further studies to be extended within the study context.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter gives the presentation, analysis and interpretation of the study findings. The chapter starts with response rate followed by, descriptive statistics, the correlation results and last section, regression results are presented.

4.1 Response rate

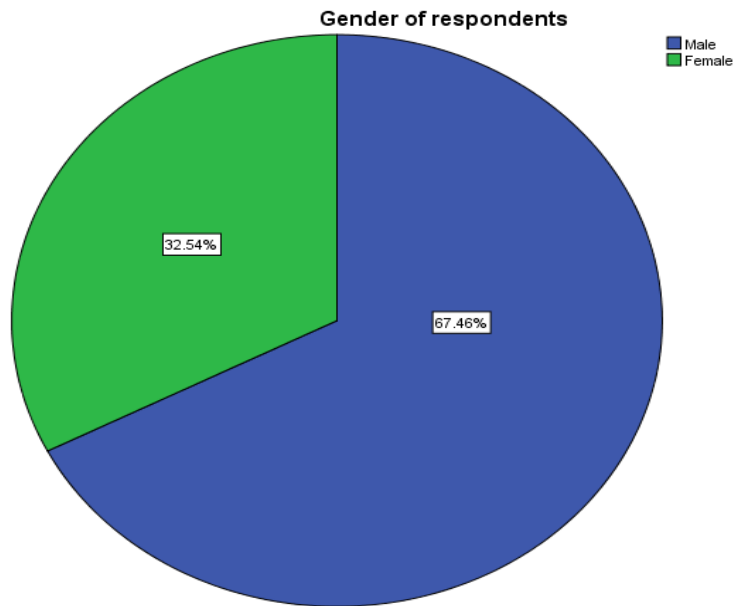
A total of 150 questionnaires were distributed to the respondents and 136 valid questionnaires were returned by the selected respondents with fully completed responses yielding a response rate of 90.6%. The response rate being greater than 50% was an indication that the findings could be relied upon as suggested by Lindner and Wingenbach (2002). A total of 10 interviews were targeted and only 6 were conducted with respondents because saturation point was reached.

4.2 Sample characteristics

This section presents the analysis of the respondent's characteristics to establish whether the sample used was a representation of the study population.

4.2.1 Gender of respondents

This study was interested in the representation from all genders. Respondents were then required to indicate their gender for analysis. Figure 1 below demonstrates the results.



Primary data (2024)

Figure 4.1: Pie-chart showing gender of respondents

Results in Figure 4.1 above indicate that gender inclination was considered in the study. Both male and female were called upon to give their perceptions regarding drivers for online marketing adoption. The findings therefore show that males in the study constituted 67.46% and the females constituted only 32.54%. This implies that representation was registered from both genders however, majority of the SMEs involved in online marketing in Nakawa Division are managed or owned by male.

Table 4. 1: Background characteristics of respondents

Category		Frequency	Percent
Age of Respondent	18-30 years	26	20.6
	31-40 years	55	43.7
	41-50 years	22	17.5
	51-60 years	15	11.9
	60 years and above	8	6.3
	Certificate	10	7.9
Education Level	Diploma	33	26.2
	Under graduate	77	61.1
	Masters	6	4.8

Source: Primary Data 2024

Regarding the age distribution, results indicated that majority of the participants were aged between 31-40 years (43.7%), the respondents aged between 18-30 years constituted 20.6% of the sample and those between 41-45 years were (17.5%). Respondents aged between 51-60 years were 11.9% of the sample while only 6.3% of the respondents were 60 years or above. Since data was gathered from SME owners and managers, it is an indication that majority of the firms involved in online marketing are owned by youth or those in early adulthood.

Regarding the level of education, results indicated that online marketing is predominantly owned or managed by graduates (61.1%), followed by diploma holders (26.2%). The certificate holders constituted 7.9% of the sample while on 4.8% of the respondents were Master degree. This implies that online marketing is largely dominated by educated individuals with higher levels of education.

4.2 Descriptive Statistics

This section presents respondents' opinion regarding perceived usefulness, perceived ease of use, attitude and overall online marketing adoption.

4.2.1 Perceived usefulness of online marketing

The study requested respondents to make a rating on how they viewed perceived usefulness of online marketing among SMEs. The results are presented in Table 4.2 below.

Table 4. 2: Descriptive statistics on the Perceived Usefulness of online marketing

Items	Mean	Std. Dev
Online marketing helps me reach a wider audience.	4.58	.496
Online marketing improves customer retention.	4.52	.616
The use of online marketing tools is beneficial for my business.	4.48	.654
Online marketing is efficient and effective for both customer and seller	4.26	.476
Online marketing increases customer engagement	4.21	1.202
Online marketing allows me to quickly transfer funds to the seller before or after receiving products	3.71	1.199
Grand Mean	4.29	.774

Source: Primary data

Results in Table 4.2 above indicate that there was an average agreement about the perceived usefulness of online marketing among SMEs given a grand mean that is above the average, Mean =4.29. Results further indicated that online marketing helped SMEs to reach a wider audience (M =4.58, SD =0.496). It was also revealed that using online marketing helped to improve customer retention (M =4.45, SD =0.616) and further online marketing was revealed to be a beneficial tool for the businesses (M= 4.48, SD =0.654). It is also worth noting that doing marketing online is very efficient and effective to not only the customer, but also the seller (M =4.26, SD =0.476). Online marketing increasing customer engagement scored a (Mean = 4.21, SD =1.202) and online marketing allowing customers to quickly transfer funds to the seller before receiving products scored a (Mean =3.71, SD =1.199).

These findings are supported by the interview responses in which one of the SME owner had this to say;

“...I agree that today, technology is vital for success of business. However, one thing am skeptical is adopting a marketing technology that customers may not perceive beneficial. So because of this, I have been able to use social media marketing where majority of the users have developed interest on. This has indeed supported me in my business that I am able to connect with customers all over the country.”

4.2.2 Perceived ease of use of online marketing

The study requested respondents to make a rating on how they viewed perceived ease of use of online marketing among SMEs. The results are presented in Table 4.3 below.

Table 4.3: Descriptive statistics on the Perceived Ease of Use of online marketing

Items	Mean	Std. Dev
I find it easy to learn how to use online marketing platforms.	4.44	.844
A customer can easily withdraw an order before the product is delivered	3.71	1.027
It is simple for me to navigate through online marketing software.	3.62	.911
I can quickly adapt to new online marketing technologies.	3.58	.804
The processes of placing an order is easier for every customer to learn	3.50	.936
Learning to use online marketing tools is hassle-free for me.	3.15	1.139
Grand Mean	3.67	.944

Source: Primary data

Statistics in Table 4.3 Above clearly indicate that on average, there was a great importance attached to the ease of use of online marketing given the grand mean of 3.67. When asked, respondents indicated that they found it easy to learn how to use online marketing platforms (M =4.44, SD =0.844). Findings also indicated that it was easy for a customer to withdraw an order for a product before it is delivered (M =3.71, SD =1.027). Regarding the navigation on the online platforms, results indicate that firms found it simple to navigate through online marketing software (M =3.62, SD =0.911) and quicker adaptation to new online marketing technologies scored a (M =3.58, SD =3.58). Regarding the ease to place an order, the findings indicate that processes of placing an order was easier for every customer to learn (M =3.50, SD =0.936).

The findings concur with interview response from one of the owners of the firms in Nakawa market who had this to say;

“...social media marketing has been easy to adopt than any other form of digital marketing because it is very user friendly. Most of our customers find it easy to place

their orders which are responded immediately. Many digital system developers have approached us to support in development of marketing platforms but some of them are so rigorous. It is hard for our customers to understand how it works. Therefore, to me if the marketing technology is simple to adopt, I will be willing to take it.”

4.2.3 Attitude towards online marketing adoption

The study was required respondents to rate their attitude towards online marketing. The results are presented in Table 4.4 below.

Table 4.4: Descriptive statistics on the attitude towards online market adoption

	Mean	Std. Dev
Customers in my target audience have a positive attitude towards online marketing.	4.43	1.141
Attitude towards online marketing play a significant role in our decision to adopt online marketing strategies.	4.37	.735
I positive that a customer is often able to monitor an order when purchased online	4.14	.734
Customers' online interactions with my business lead to favorable attitudes	3.88	.900
Positive attitudes towards online marketing enhance our willingness to explore and invest in online marketing channels.	3.73	.814
Grand Mean	4.11	.865

Source: Primary data

Statistics in Table 4.4 Indicate that there was a general agreement about the attitudes towards online buying given the grand mean score of 4.11 that was above average. Customers having a positive attitude towards online marketing (M =4.43, SD =1.141) was considered to be highest among the attributes of attitude. This was followed by attitudes towards online marketing playing a significant role in making decision on adopting online marketing strategies (M =4.37, SD =0.735). Being positive that a customer is able to monitor their order while purchased online scored a (M =4.14, SD =0.734). Results also indicated that the interaction of customers with the firms lead to favorable attitudes (M =3.88, SD =0.900) and positive attitudes towards

online marketing enhancing willingness to explore and invest in online marketing channels scored a (M =3.73, SD =0.814)

4.2.4 Online marketing adoption among SMEs

In this section, the study illustrates the perception respondents have towards the level of online marketing adoption among SMEs in Nakawa. Table 4.5 below illustrates the rating that respondents had on each item of measurement for the level of online marketing adoption.

Table 4.5: Descriptive statistics on online marketing adoption among SMEs

Items	Mean	Std. Dev
Customer demand for online interaction has grown over years	4.48	.654
Knowledge and expertise in online marketing within my business have grown over years	4.36	.481
The sales generated from online marketing have grown over years	4.15	.791
The online marketing subscribers and user has increased over years	3.90	1.031
The number of orders per day for products bought online has been increasing over years	3.48	1.178
Grand Mean	4.07	.827

Source: Primary data

In table 4.5 above, respondents were asked to provide their opinions on the extent to which they perceived adoption of online marketing. The general observation is that respondents generally agreed to the attributes of online adoption that were provided (Mean =4.07). Results revealed that customer demands for online interaction had grown over the years (M =4.48, SD =0.654). It was also observed that firms' knowledge and expertise in online marketing had grown over the years (M =4.36, SD =0.481). In addition, it was revealed that the sales generated by firms from online marketing had grown over the years (M =4.15, SD =0.791). Firms also indicated that their online marketing subscribers had increased over the years (M =3.90, SD =1.031). Lastly, results revealed that firms' orders for products ordered online per day had been increasing over the years (M =3.48, SD =1.178).

4.3.1 Multicollinearity tests

The study conducted tests to establish whether there was multicollinearity effect that would affect the results of the study. Table 4.6 below shows the findings

Table 4. 6: Findings on Multicollinearity tests

	Collinearity Statistics	
	Tolerance	VIF
PU	.369	2.710
PEOU	.256	3.908
PA	.356	2.808

Source: Primary data

According to results, all the tolerance factors for variables were below 0.10. Similarly, the Variance Inflation Factors were below the cut-off value of 10 which means that there was no multicollinearity problem.

4.3.2 Factor analysis

The study further conducted Factor analysis to ensure that all variables with factor loading less than 0.5 were eliminated to ensure validity of the findings. Table 4.7 below shows the results from the study.

Table 4.7: Factor Analysis results

Component Matrix	
Perceived Usefulness	Component 1
Online marketing helps me reach a wider audience.	.840
Online marketing improves customer retention.	.829
The use of online marketing tools is beneficial for my business.	.803
Online marketing is efficient and effective for both customer and seller	.595
Online marketing increases customer engagement	.867
Online marketing allows me to quickly transfer funds to the seller before or after receiving products	.702
Perceived ease of use	Component 1
I find it easy to learn how to use online marketing platforms.	.845
A customer can easily withdraw an order before the product is delivered	.690
It is simple for me to navigate through online marketing software.	.762
I can quickly adapt to new online marketing technologies.	.750
The processes of placing an order is easier for every customer to learn	.721
Learning to use online marketing tools is hassle-free for me.	.781
Attitude	Component 1
Customers in my target audience have a positive attitude towards online marketing.	.771
Attitude towards online marketing play a significant role in our decision to adopt online marketing strategies.	.777
I positive that a customer is often able to monitor an order when purchased online	.822
Customers' online interactions with my business lead to favorable attitudes	.858
Positive attitude towards online marketing enhance our willingness to explore and invest in online marketing channels.	.759
Online marketing adoption	Component 1
Customer demand for online interaction has grown over years	.638
Knowledge and expertise in online marketing within my business have grown over years	.859
The sales generated from online marketing have grown over years	.943
The online marketing subscribers and user has increased over years	.716
The number of orders per day for products bought online has been increasing over years	.876
Customer demand for online interaction has grown over years	

a. 1 components extracted.

Source: Primary data

From the results, it is observed that all the variables had a factor loading above 0.5 which means that the data was valid and hence no multicollinearity effects that could have affected the findings of the study.

4.3.3 Correlation Analysis

This section demonstrates the nature of relationships that exists between perceived usefulness, perceived ease of use, attitude and online marketing adoption. Pearson's product moment correlation was performed and Table 4.8 below presents the results from the correlation analysis.

Table 4. 8: The relationship between study variables (n=126)

		Mean	S.D	1	2	3	4
1	Perceived usefulness	4.29	.774	1			
2	Perceived ease of use	3.67	.944	.788**	1		
3	Attitude	4.11	.865	.688**	.796**	1	
4	Online marketing adoption	4.07	.827	.249**	.197*	.255**	1

*, $P < 0.05$

**, $P < 0.01$

Source: Primary Data

The Table 4.8 above shows link between the study variables. According to the results, it is observed that perceived usefulness has a statistically significant positive relationship with online marketing adoption ($r = .249^{**}$, $P < 0.05$). Similarly, perceived ease of use also has a significant positive relationship with online marketing adoption ($r = .197^{**}$, $P < 0.05$). Attitude also had a significant positive relationship with online marketing adoption ($r = .255^{**}$, $P < 0.05$). These findings imply that the association between usefulness, ease of use and attitude with online marketing adoption is significant. The findings therefore provide preliminary support to the hypotheses of the study.

4.4 Regression Analysis

The study sought to examine the effect of each selected driver on online marketing adoption among SMEs. For instance, the study examined the effect of perceived usefulness, ease of use and attitude's role on online marketing adoption. The findings are discussed in the subsections below.

4.4.1 The effect on perceived usefulness on online marketing adoption

Under this, the study was interested in establishing whether usefulness directly influences online marketing adoption among SMEs. The study in this case performed a regression analysis to test the rate at which perceived usefulness explains the variances in online marketing adoption. Table 4.9 below illustrates the findings.

Table 4.9: Regression analysis results on perceived usefulness and online marketing adoption

Variable	Standardized Coefficient	Standard Error	t-value	p-value
Constant	2.953	.395	7.480	.000
Perceived usefulness	.270	.094	2.863	.005
F-statistic = 8.199, P<0.05				
R-square = .062				
Adjusted R-square = .0054				
a. Dependent Variable: Online marketing adoption				

It is observed from the results in Table 4.9 above show that the model is a good fit for the data and therefore perceived usefulness significantly explains the variations in online market adoption among SMEs (F-statistic= 8.199, P-value <0.01).

The results revealed that the perceived usefulness explains 5.4% variations in online marketing adoption (Adjusted R^2 =0.054). According to the beta coefficient of $b =0.270$, $P<0.05$ shows

that a unit increase in perceived usefulness for online marked product or service is associated with 0.270 increase in online marketing adoption among SMEs. This finding implies that perceived usefulness customers have towards the online marketing platforms directly affects the level of online marketing adoption.

4.4.2 The effect on perceived ease of use on online marketing adoption

Under this, the study was interested in establishing whether perceived ease of use explains the variations in online marketing adoption. The study in this case performed a regression analysis to test the rate at which perceived ease of use explains the variances in online marketing adoption. Table 4.10 below illustrates the findings.

Table 4. 10: Regression results on perceived ease of use and online marketing adoption

Variable	Standardized Coefficient	Standard Error	t-value	p-value
Constant	3.206	.391	8.197	.000
Perceived ease of use	.230	.103	2.239	.027
F-statistic = 5.011, $P < 0.05$				
R-square = .039				
Adjusted R-square = .031				
a. Dependent Variable: Online marketing adoption				

Results in Table 4.10 above indicate that the model fits the data well and thus perceived ease of use explains the variations in the adoption of online marketing of firms ($F = 5.011$, $P < 0.05$). According to the Adjusted R^2 of 0.031, it illustrates that perceived ease of use explains up to 3.1% variations in online marketing adoption. The results also show that a unit increase in perceived ease of use is associated with 0.230 increase in online marketing adoption among SMEs ($b = 0.230$, $P < 0.05$). This implies that when clients perceive an online marketing platform to be use friendly, it is likely to directly influence the adoption of online marketing. Therefore,

should SMEs consider increasing the adoption of online marketing; they should offer easy to use online marketing platforms.

4.4.3 The effect on attitude on online marketing adoption

The study examined whether attitude explains the variations in online marketing adoption. The study performed a regression analysis to test the rate at attitude explains the variances in online marketing adoption. Table 4.11 below illustrates the findings.

Table 4. 11: Regression analysis results on Attitude and online marketing

Variable	Unstandardized Coefficient	Standard Error	t-value	p-value
Constant	3.011	.365	8.250	.000
Attitude	.265	.090	2.940	.004
F-statistic = 8.643				
R-square = .065				
Adjusted R-square = .058				
a. Dependent Variable: Online marketing adoption				

From the results in Table 4.11 above, it is observed that the model fits well the data ($F = 8.643$, $P < 0.05$). This implies that the model gives confidence that attitude explains the variations in online marketing adoption. For instance, the Adjusted R^2 of 0.058 shows that attitude explains 5.8% variations in online marketing adoption. The study findings further indicates that an increase in attitude by one unit is associated with 0.265 increase in online marketing adoption ($b = 0.265$, $P < 0.05$). The findings therefore imply that attitude affects online marketing adoption. Firms that are looking towards increase online marketing adoption should consider positively influencing the attitude of the clients.

4.4.4 The total effect of perceived usefulness, perceived ease of use, and attitude on online marketing adoption

The study used a multiple regression to assess the extent to which perceived ease of use, perceived usefulness and attitude collectively affect online marketing among SMEs. The results are presented in Table 4.12 below.

Table 4.12: A multiple regression showing the collective contribution of perceived usefulness, perceived ease of use and attitude on online marketing adoption

	Model 1			Model 2			Model 3			Model 4		
Variable	B	Std. Error	Beta	B	Std. Error	Beta	B	Std. Error	Beta	B	Std. Error	Beta
Gender	0.226*	0.104	0.193*	.235	.101	.200	.230	.100	.196	.233	.100	.199
Age	-0.035	0.043	-0.071	-.048	.043	-.099	-.058	.043	-.118	-.065	.043	-.133
Education	-0.042	0.070	-0.053	-.021	.069	-.027	-.015	.068	-.019	-.015	.068	-.019
PU				.282	.094	.260	.303	.154	.279	.266	.154	.245
PE							-.028	.165	-.024	-.224	.200	-.193
A										.255	.150	.246
R ²	0.047			0.113			0.113			0.134		
Adjusted R ²	0.023			0.084			0.076			0.090		
F-Statistic	F=1.989, P>0.05			F=3.847, P<0.05			F=3.059, P<0.05			F=3.072, P<0.05		
Note												
a) ** p<0.01, * p<0.05												
b) Std Error: Standard Error												
c) Dependent variable: Online marketing adoption												
d) Model 1=Individual factors (Gender, Age, Education)												
Model 2=Perceived ease of use												
Model 3=Perceived ease of use, Attitude												

From the findings in Table 4.12 above, it is observed in Model 1 that demographic factors alone have no significant direct effect on online marketing adoption among SMEs ($P>0.05$). According to Model 2, after perceived usefulness was added into the regression, the model became significant. Therefore, perceived usefulness explains up to 8.4% of the variations in online marketing adoption (Adjusted $R^2 = 0.084$, $p<0.05$).

Furthermore, in Model 3, perceived ease of use was added into the model and it is observed that there was a change on Adjusted R^2 to 0.076 which implies that perceived usefulness and perceived ease of use explains additional 7.6% of the variations in online marketing adoption. Lastly, in Model 3, all the determinants were regressed against online marketing adoption and

there was observable change in adjusted R^2 to 0.090. This means that perceived usefulness and perceived ease of use when added together explain up to 9% of the variations in online marketing. In conclusion therefore, perceived usefulness, perceived ease of use and attitude collectively contribute to online marketing adoption.

4.4.5 The mediation role of attitude

The study tested for mediation using Hayes' PROCESS Hayes (2018). The study took various routes through which mediation is assumed to take place as seen in Figure below. The model answered the following hypothesis

H1; Employee perceived usefulness positively influences online marketing adoption.

H2; Employee perceived ease positively influences online marketing adoption

H3; Employee attitude mediates perceived usefulness and online marketing adoption

H4; Employee attitude mediates perceived ease of use and online marketing adoption

IV

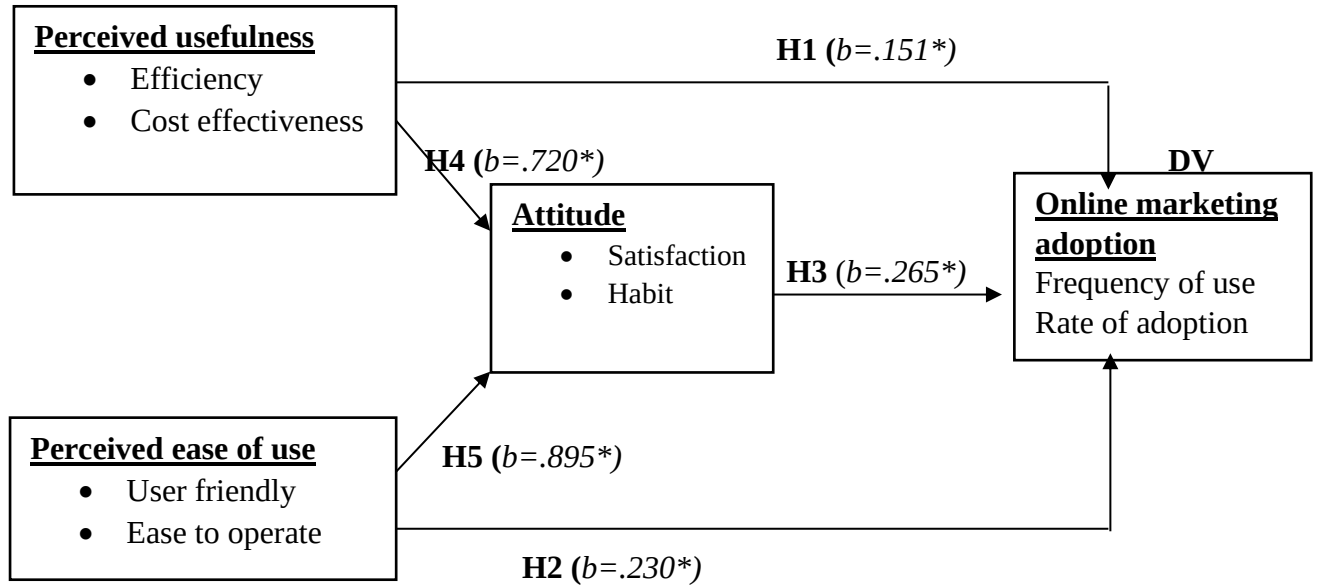


Figure 4.2: The mediation results model

Table 4.13: The mediation results

	Total effect				Direct Effect				Indirect effect			
Hypothesis	Path	B	SE	P	B	SE	P	B	BootSE	LLC1	ULC1	Decision
H1a	PU-OA				.151	.094	.005					Accepted
H2a	PE-OA				.230	.103	.027					Accepted
H3a	A-OA				.265	.090	.004					Accepted
H4a	PU-A				.720	.068	.000					Accepted
H5a	PE-A				.895	.061	.000					Accepted
H6a	PU-A-A-OA	.7202	.068	.000				.119	.0871	- .0346	.3088	Rejected
H7a	PE-A-A-OA	.895	.061	.000				.249	.133	.0271	.5490	Accepted
Model 1 R2 (Outcomes; A) = .4727 R2 (Outcomes; OA) =.2746 R2 (Outcomes; OA) = Total effect model =.2705						Model 2 R2 (Outcomes; A) =.6344 R2 (Outcomes; OA) =.0653 R2 (Outcomes; OA) =Total effect model =.479						
	Model 1; Tested for mediation using perceived usefulness as IV, while IN Model 2, it was perceived ease of use Where PU-Perceived Usefulness, PA- Online marketing adoption, PE- Perceived ease of use, A-attitude											

From the results, it is observed that;

The direct effect of perceived usefulness on online marketing adoption is statistically significant ($b = .151$, $p < 0.05$). This indicates that it has a direct effect on online marketing adoption. On the other hand, the indirect effect of perceived usefulness on online marketing

adoption is 0.1190. However, the bootstrap confidence interval (-.0346 to .3088) includes zero, indicating that the indirect effect is not statistically significant. In this case therefore, perceived usefulness influences online marketing adoption primarily through its influence on attitude. Therefore, the hypothesis is accepted.

The direct effect of ease of use on online marketing adoption is statistically significant ($b = .230$, $p < 0.05$). On the other hand, the indirect effect of ease of use on online marketing adoption is 0.249 and the bootstrap confidence interval (.0271-.5490) does not include zero, indicating that the indirect effect is statistically significant. In this case therefore, perceived ease of use influences online marketing adoption primarily through its influence on attitude. Therefore, the hypothesis is accepted.

CHAPTER FIVE

SUMMARY, DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion and discussion of findings in line with the study objectives. The chapter also shows the recommendations to managers, limitations and areas for further research

5.1 Summary of the Findings

This study investigated the factors influencing online marketing adoption among SMEs in Uganda. The primary focus was to assess whether perceived usefulness and perceived ease of use influence the adoption of online marketing. Additionally, the study examined whether attitude moderates this relationship. Descriptive analysis was conducted and regression analysis was utilized to determine the impact. The results indicated that both perceived ease of use and perceived usefulness significantly influence online marketing adoption. Moreover, attitude was found to have a mediating effect on the relationships.

5.2 Discussion of findings

The findings of this study shed light on the factors for adoption of online marketing among SMEs in Uganda.

5.2.1 Perceived usefulness and adoption of online marketing

The findings of this study show that perceived usefulness is significantly related with and influences adoption of online marketing among SMEs in Uganda. This aligns with the theory of Technology Acceptance Model (Fred, Richard, & Paul, 1989), which people are only willing to accept and use information technology that they perceive to be useful, easy to use and can be trusted. In the context of SMEs, the perceived usefulness of online marketing may include

benefits such as reaching a wider audience, increasing sales, and enhancing brand visibility as supported by (Stocchi et al. 2019). Similarly, the findings agree with Kim and Song (2010) who discovered that perceived utility had a substantial impact on consumers' online purchasing intentions. Their findings contend that organisations would quickly adopt the strategy of digital marketing if they anticipated receiving valuable client traffic towards their goods and services.

In the same line, the findings of this study agree with Tanadi, Samadi and Gharleghi (2018) who also established that perceived risk and perceived usefulness are vital in enhancing online intention among individuals. They supported that fact that all aspects of perceived risk and usefulness contribute significantly to consumers' improved intention to shop online.

5.2.2 The relationship between perceived ease of use and online marketing adoption

The results of this study revealed that perceived ease of use significantly affect online marketing adoption. The study underscores the importance of user-friendly interfaces and intuitive processes in facilitating online marketing adoption. SMEs may be more inclined to adopt online marketing platforms that are easy to navigate and require minimal training or technical expertise. This is particularly relevant in the context of resource-constrained SMEs, where simplicity and usability are paramount considerations in online marketing adoption decisions. The study findings agree with Stocchi et al., (2019) who indicated that perceived usefulness had a favourable and significant impact on firms' motivation to promote using which aligns well with current findings of the study.

Similar this study resonates well with Dong et al. (2017) who revealed that perceived ease of use positively influences businesses' use of online marketing technologies. Not only that, the study findings agree with Gefen and Straub (2019), who also established that perceived ease of use is a key element in the adoption of online marketing by businesses.

5.2.3 The mediating role of attitude

This study examined the mediating role of attitude. The results revealed that attitude plays a fundamental role in shaping individual perceptions regarding online marketing adoption. However, no conclusive evidence was established to show that attitude mediates the relationship between perceived usefulness and online marketing adoption and between perceived ease of use and online marketing adoption. This is in line with the findings of Malik, Suresh, and Sharma (2017) who also agree that attitude is one of the key elements of continued use of IT because it transforms users' intentions to utilize a certain technology into habits.

SME owners' attitudes towards online marketing may serve as a key determinant of their willingness to embrace digital strategies and invest resources in their implementation. This concurs with Soopramanien and Robertson (2007) who established that multidimensional construct of attitude toward online shopping are key in shaping the consumer's acceptance of the internet as a medium for purchasing. Similarly, positive attitudes towards online marketing from customers' perspectives may amplify the impact of perceived usefulness and ease of use on online marketing adoption behaviour, while negative attitudes may act as barriers to adoption despite perceived benefits and usability.

5.3 Conclusion

In conclusion, the findings of this study underscore the importance of perceived usefulness, perceived ease of use, and attitude in driving the adoption of online marketing among SMEs in Uganda. By recognizing and addressing these factors, policymakers, industry stakeholders, and SME owners can develop strategies and interventions to promote the uptake of online marketing technologies, thereby enhancing the competitiveness and sustainability of SMEs in the digital age.

5.3.1 Implications on Policymakers

The findings imply that for policymakers to successfully drive online marketing adoption among SMEs, they must prioritize strategies that address both digital literacy and the creation of a supportive regulatory environment.

5.3.2 Implication to academic institutions

The findings imply that academic institutions play a pivotal role in fostering digital transformation among future business leaders. To enhance the readiness of entrepreneurs and managers for the digital economy, institutions may integrate Digital Marketing into academic programs in business and management.

5.3.3 Managerial Implications of the findings

The findings imply that SME managers must prioritize their education on the value of online marketing to effectively harness its potential for business growth. SME managers may need to be well-informed about the advantages that online marketing offers, including improved visibility, enhanced customer engagement, and increased sales.

5.4 Recommendations

Given that this study established that perceived usefulness is vital for enhancing online marketing adoption, SMEs should reflect on the success stories and testimonials from other SMEs that have successfully implemented online marketing strategies. This social proof can help alleviate concerns and scepticism and providing reassurance of the perceived benefits and usefulness of online marketing.

SMEs should select online marketing platforms and tools that are user-friendly. They should consider factors such as ease of navigation, simplicity of interface, and availability of support resources. Choosing platforms that align with the perceived ease of use can facilitate smoother adoption and implementation.

SMEs should prioritize investment in digital skills development for SME owners and employees to enhance their proficiency in online marketing strategies. This may involve enrolling in training programs, workshops, or online courses focused on digital marketing techniques and tools.

5.5 Areas for further research

This study recommends future researchers to explore context-specific factors that may influence online marketing adoption among SMEs in Uganda, such as cultural norms, regulatory environment, and industry characteristics.

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APPENDICES

Appendix 1: Questionnaire

Dear respondent,

I am Christine Luyiga, a student of Masters in Business Administration of Kyambogo University. I am conducting research on the determinants of online marketing adoption amongst SMEs of Nakawa Industrial Area. The study aims at establishing why SMEs are slow to adopt online marketing and what is perceived to be the key determinants of online marketing adoption among SMEs in Uganda.

Your response is highly appreciated.

Please tick in the box the option of your choice

SECTION A: DEMOGRAPHICS

1. Gender of respondents.

1. Male ☐ 2. Female ☐

2. How old are you?

1. 18 -30 years ☐
2. 31 - 40 years ☐
3. 41 - 50 years ☐
4. 51-60 years ☐
5. 60 years and above ☐

3. What is your level of education?

- | | |
|---|---|
| 1. Certificate ☐ | 3. Undergraduate ☐ |
| 2. Diploma ☐ | 4. Masters ☐ |

SECTION B: PERCEIVED USEFULNESS

Code	Items	SD 1	D 2	NS 3	A 4	SA 5
	Perceived usefulness					
PU1	The use of online marketing tools is beneficial for my business.					
PU2	Online marketing helps me reach a wider audience.					
PU3	Online marketing increases customer engagement					
PU4	Online marketing improves customer retention.					
PU5	Online marketing allows me to quickly transfer funds to the seller before or after receiving products					
PU6	Online marketing facilitates customer-buyer connection at all times hence building strong relationship					
PU7	Online marketing is efficient and effective for both customer and seller					

Adapted from Lim (2010) and Eze (2020)

SECTION B: PERCEIVED EASE OF USE

Code	Items	SD 1	D 2	NS 3	A 4	SA 5
	Perceived ease of use					
PE1	Using online marketing tools for my business is straightforward for customers to place an order for a product using a phone					
PE2	I find it easy to learn how to use online marketing platforms.					
PE3	It is simple for me to navigate through online marketing software.					
PE4	I can quickly adapt to new online marketing technologies.					
PE5	Learning to use online marketing tools is hassle-free for me.					
PE6	The processes of placing an order is easier for every customer to learn					
PE7	A customer can easily withdraw an order before the product is delivered					

Adapted from Lim (2010) and Eze (2020)

SECTION B: ATTITUDE TOWARDS BUYING ONLINE

Code	Items	SD	D	NS	A	SA
		1	2	3	4	5
	Attitude					
PT1	Customers in my target audience have a positive attitude towards online marketing.					
PT2	My customers find online marketing efforts appealing.					
PT3	Customers' online interactions with my business lead to favorable attitudes					
PT4	Attitude towards online marketing play a significant role in our decision to adopt online marketing strategies.					
PT5	Positive attitudes towards online marketing enhance our willingness to explore and invest in online marketing channels.					
PT6	I'm positive that a customer is often able to monitor an order when purchased online					
PT7	Online marketing permits information seeking about the product before paying					

Adapted from Chang et al. (2005)

SECTION B: ADOPTION OF ONLINE MARKETING

Code	Items	SD 1	D 2	NS 3	A 4	SA 5
	Adoption of online marketing					
AM1	The number of orders per day for products bought online has been increasing over years					
AM2	The online marketing subscribers and user has increased over years					
AM3	The sales generated from online marketing have grown over years					
AM4	Knowledge and expertise in online marketing within my business have grown over years					
AM5	Customer demand for online interaction has grown over years					

Adapted from Ibrahim and Asare (2021)

Thank you for your response

Appendix 2: Interview guide

- 1) Would please comment on whether you would support your company to market products online?
- 2) Could you be having some reasons why your customers may not be opting to buy online
- 3) Generally, what factors do you think could drive the adoption of online marketing in SMEs
- 4) What are your comments, suggestions, or experiences related to online marketing adoption in your SME?
- 5) What are your comments, suggestions, or experiences related to the ease of use and its influence on online marketing adoption in your SME?
- 6)** What are your comments, suggestions, or experiences related to the mediating role of attitude on online marketing adoption in your SME?