

Training program furthering SMEs' e-tailing activity

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Abstract

This paper discusses how to further SMEs' online retailing (e-tailing) activity by a training program. Transforming from bricks-and-mortar into clicks-and-mortar retailer requires new strategies, capabilities and resources. This implies that SMEs with limited resources need support from public sector development organizations. The study considers two research questions: What is a purposeful content of a training program in order to develop the e-tailer's business skills? What are effective learning approach and methods? In all, 18 e-tailers participated in the training programs in order to gain e-commerce capability. Both quantitative and qualitative data regarding the participants, their firms and learning results was collected. The learning results indicate that an effective training for SMEs is based on experiential learning approach. The program integrates topical knowledge and hands-on experimentation, firm-specific practical guidance and encouraging and inspiring role models as facilitators.

Keywords: online retailing, small and medium-sized enterprises, training programs

Track: Retailing & Omni-Channel Management

1. Introduction

Electronic commerce (e-commerce) is a strategy for growth for small and medium-sized enterprises (SMEs). It refers to using especially the internet for buying and selling of goods and services (Turban, King, Lee, Liang and Turban 2015, 7). E-tailing and e-tailer are used as synonyms for online retailing and online retailer (Ibid., 107). This paper discusses online retailing and how to further SMEs' e-tailing activity by a training program.

Digitalization constantly transforms retailing in many ways. It transforms the manner in which communication, transactions and distribution occur, as well as the nature of retail offerings. Furthermore, it transforms where and when retailing takes place and the actors who participate in retailing. (Hagberg, Sundstrom and Egels-Zandén 2016). Consequently, many purely physical (brick-and-mortar) companies are changing to “click-and-mortar” ones conducting e-commerce activities, such as an additional marketing channel (Turban et al. 2015, 8). E-commerce, thus, offer opportunities for microenterprises to grow their business, reach new national and global customers and thus survive in the competition (Chen & Lamberti 2016, 613). Besides the value for the firm itself, there is clear evidence of the role of e-business adoption as a driver of regional development (Beynon-Davies 2010).

Although small companies are adaptable and responsive to changing conditions, transforming into click-and-mortar retailer, however, requires new strategies, capabilities and resources (Agnihotri 2015). This implies that SMEs with limited resources need support from public sector development organizations. SMEs need, for example, awareness raising initiatives, business advice and consulting services to assist transfer to e-tailer, training to enhance ICT skills, and financial backing in order to develop their e-commerce business. (Pickernell, Jones, Packham, Thomas, White and Willis 2013, 871.) Importantly, SME owners and managers also need support to enable an effective transition in their mindset. Use and results of e-commerce training and development programs, however, have remained an under researched topic.

This paper aims at providing insight into one type of support program for SMEs in e-commerce. Two research questions are considered. First, what is a purposeful content of a training program in order to develop an e-tailer's business skills? Second, what are effective learning approaches and methods in the program?

This paper is structured as follows. The next section discusses concepts of e-commerce and consequently e-tailers' business skills. Thereafter, approaches and methods of learning and teaching are considered. The section that follows presents the conducted training

program. The final section discusses the results, draws conclusions and considers limitations and suggestions for future research.

2. E-commerce and e-tailers' capabilities

Retail e-commerce sales is estimated to almost double from 2017 to 2021 (Statista 2018a). Annual retail e-commerce sales growth percentage, however, is declining after many years fast growth (Statista 2018b). Adoption of e-commerce brings many benefits to retail firms, such as cost reduction, product/ service quality improvement, connection with new and existing customers and suppliers, as well as the creation of new ways to sell existing products (Abebe 2014, 110 – 111; Chen & Lamberti 2016, 613). Moreover, Jahanshahi, Zhang and Brem (2013) emphasize enhanced company brand and corporate image as important e-commerce advantage.

Research also argues that there are many challenges influencing on e-commerce adoption in SMEs, such as technology readiness, owners' innovativeness and owners' information technology ability and experience, costs and lack of management enthusiasm (Shemi & Procter 2018; Rahayu & Day 2017). On this account, the firms need support programs to overcome these challenges.

Becoming the e-tailer and utilizing the full potential of online retailing require strategies, capabilities and resources different from purely physical retailing. Pickernell et al. (2013) propose that e-commerce sales performance is influenced by a firm's internal and external drivers. Internal drivers are characteristics of the firm and the owner or manager. External drivers are, for example, innovation activity, business advice and financing.

Gregory, Ngo Viet and Karavdic (2017, 8) suggest that a firm's e-commerce capabilities are related to its resources. The firm can create unique value from its resources, but capability resides more in the skills to leverage the resources than in mere possession of the resources (Ibid.; Agnihotri 2015,63). Thus, improving the skills to integrate and utilize resources is crucial for successful e-tailing.

E-commerce resources are comprised of both tangible (e.g., communications infrastructure, high-tech software/hardware) and intangible assets (e.g., skills, knowledge, expertise) available to the firm. E-commerce marketing capabilities are the ability of an organization to recognize, develop and assimilate e-commerce activities into offerings that meet desired goals. (Gregory et al. 2017).

Similarly, Agnihotri (2015) highlights three critical success factors as threshold resources contributing to making a firm survive in the industry. Threshold resources comprise of a sophisticated technology platform, strategic networks with partners and optimal inventory management skills. To gain competitive advantage a firm needs to develop the threshold resources and integrate them with their own unique resources. Unique resources can be both tangible and intangible in nature and they give competitive advantage to the firm. (Ibid.)

In summary, micro-, small- and medium-sized e-tailers' capabilities influence on their trading activity and firms' performance. E-tailers need support transforming their resources into capabilities, onwards distribution and communication efficiency. At first, e-tailers should have strong competitive advantage and value proposition, giving "reasons for customers to select the firm's offering" (Yrjölä et al. 2018). Second, e-tailers need to frame a strategy and manage partner networks and inventory. Importantly, they need to be able to utilize technology and web analytics, reach and attract customers by optimization and advertising, and fulfil customers' expectations.

3. Learning e-commerce

As for learning and teaching e-commerce three main issues should be addressed: what contents should be taught?, what is an efficient pedagogical process? and who should teach and facilitate? (Abaho et al 2015, 911). The starting point for the process, nevertheless, is the learner. Key content to learn about e-commerce is based on the learner's required capabilities related to competitive strategies, communication and distribution efficiency. Research in marketing and entrepreneurship education suggests experiential learning as an effective approach and combining hands-on experiences with lectures (Bussiere 2017; Kumar, Mukherjee, and McGinnis 2015; Rippé 2015; Abaho et al. 2015).

Experiential learning is a pedagogical approach wherein students learn by being actively engaged in the learning process. It is "a process whereby knowledge is created through the transformation of experience" (Kolb 1984, 41 cited in Kolb & Kolb 2005) and thus, students become actively engaged in creating their own knowledge.

Based on experiential learning, Kolb and Kolb (2005) propose creating learning spaces that promote growth-producing experiences. Learning begins with the learner's experience of the subject matter and the educational process should be a blend of challenge and support. Importantly, there should also be time for conversations and reflection. (Kolb & Kolb 2005.)

Teaching methods are the vehicles to lead the students toward particular learning outcomes (Bournier 1997, 345). Research point out real-world experiences as a necessity in marketing and sales education (Kumar et al. 2015; Rippé 2015; Bussiere 2017). Hands-on experiences and facing real-life challenges engage students to start and run online business. In practice, e-tail marketing such as digital advertising, online store atmosphere and search engine marketing are difficult to learn without experimentation. (Kumar et al. 2015, 118.) Bournier (1997, 347) proposes activating teaching methods, for example, use of feedback, action learning, experiential learning, projects, workshops and mentors to achieve the aims.

Abaho, Olomi and Urassa (2015) highlight the nature of facilitators, their educational experience and other extra-curricular competencies as essential factors in the learning process. They argue that facilitators with an entrepreneurial orientation and experience are more able to deliver effective entrepreneurship education. Among other things, the authors suggest interaction with successful people, class discussions and presentations as influential methods. (Ibid., 919-920.)

One tool for evaluating the outcome of learning is the Kirkpatrick model (Kirkpatrick & Kirkpatrick 2015, 5-7). The model has four levels to measure the effectiveness of learning. First, reaction level measures the participants' immediate responses and satisfaction, and hence, trainers obtain suggestions for improvement. Second, learning level measures improvement of certain knowledge, skills or attitudes before and after the training, according to the objectives of the program. Third, behavior level measures to what extent the on-the job-behavior has changed as a result of the program. The fourth level is results, that is to what extent have results occurred because of the training. (Ibid.) The next section presents the content and process of the realized training program.

4. The content and process of the training program

The training program was targeted to e-tailers in a limited geographical area. One program (a course) took 12 weeks. In all, three consecutive programs were conducted during 2017 – 2018. The main target group was established e-tailers aiming at growing and expanding in international markets. In all, 18 companies participated in the course. Around half of them were established e-tailers and the remainder less experienced in e-commerce.

The participants' expectations regarding the course were pragmatic. The aims of the course were to define e-tailers' competitive advantage and strategies to grow and internationalize; improve online store's functionality and sales performance and; improve e-

tailers' practical skills to implement digital advertising and data analysis. Importantly, one aim was to influence the owners' and managers' attitudes and mindset by inspiring and encouraging them to grow their business.

Before starting the course, the goals and business of each company were discussed and analysed. The course consisted of 12 lectures once a week with the facilitator (4 hours per week). The facilitators were chosen based on their expertise and practical experience of e-tailing. Approximately 10 – 12 experts facilitated learning in one course. A common Moodle e-learning platform and a closed discussion group in Facebook supported learning. Table 1 presents a typical weekly schedule for the course.

Time frame	Concept	Practical exercise	Business advice
Week 1	Introduction to e-commerce; trends, competitive advantage, organization; resources; platforms		Firm-specific coaching on demand
Week 2	E-tailer's strategic choices; pricing; value proposition	Defining e-tailer's own strategy and value proposition	Firm-specific coaching on demand
Week 3	Processes and daily routines in the online store; online store functionality	Examination of practices	Firm-specific coaching on demand
Week 4	Online store functionality; selling; customer experience; customer service; logistics	Examination of practices	Firm-specific coaching on demand
Week 5	Online store functionality continues	Examination of practices	Firm-specific coaching on demand
Week 6	Search engine optimization; theory and practice	Search engine optimization	Firm-specific coaching on demand
Week 7	Online marketing and advertising; Google Analytics; management by data	Web analytics	Firm-specific coaching on demand
Week 8	Online advertising; Google Ads	Planning and implementing ads	Firm-specific coaching on demand
Week 9	Facebook advertising	Planning and implementing ads	Firm-specific coaching on demand
Week 10	Google Ads and Facebook in practice	Planning and implementing ads	Firm-specific coaching on demand
Week 11	Customer relationship marketing; e-mail marketing	Planning and implementing e-mail newsletter	Firm-specific coaching on demand
Week 12	Growth hacking; internationalization		Firm-specific coaching on demand

Table 1. Weekly schedule for the course.

Both quantitative and qualitative data regarding the participants, their firms and learning results was collected. The project manager had access to the participants' online store analytics in order to coach and follow up the development. Notes regarding the content, in all 22 pages, were written in lectures.

In all, 17 participants were interviewed regarding their e-commerce business practices and goals, their own competences, motivations, challenges, views of competition and

learning. Interviews were semi-structured by nature (Eriksson & Kovalainen 2016). In total 22 interviews were conducted ranging from 10 to 58 minutes. Some participants were interviewed twice. All sessions were recorded and transcribed into 63 pages of text. The data were analysed by qualitative content analysis (Ibid.).

The effectiveness of the program was evaluated after the course in the common discussion and by a feedback questionnaire. In addition, online store analytics were followed up and a few interviews described above were conducted after a couple of months.

5. Discussion and conclusions

This section discusses the learning outcomes and draws conclusions. In addition, it considers the limitations of this paper and suggests further research. According to experiential learning (Kolb & Kolb 2005), the content of the course was designed based on the participants' background information, expectations and business aims. The methods emphasized hands-on experiences, experimentation (Kumar et al. 2015; Rippe 2015; Bussière 2017) and firm-specific guidance. The participants were asked to evaluate their own learning. The learning outcomes seem to be quite consistent with the aims of the course. In general, the course seemed to help the e-tailers to recognize the focal objectives of development in their e-commerce.

Learning outcomes are discussed in four levels (Kirkpatrick & Kirkpatrick 2015). In the reaction level the participants were satisfied with the course. They presented useful ideas to improve the course content and practices. Only a couple of them dropped from the course for a reason of pressure in their current work. The majority was in the beginnings of their e-commerce and, thus, they needed to learn basics and practices. They seemed to gain knowledge and skills especially related to content creation, digital advertising implementation and web analytics. They also seemed to be inspired by the enthusiastic e-tailer facilitators who had stimulated them to rethink their business.

As the evidence of behavioural change, most participants improved the customer experience in their online store, put digital advertising into practice and started to manage their online store based on data analysis. Three participants took remarkable steps to reach new international markets. Evidence of the results level learning was an established click-and-mortar firm, whose turnover grew 200 per cent during one year resulting from effective digital advertising and data analysis.

Facilitators played an important role in the program (Abaho et al. 2015). Many of them inspired and encouraged the e-tailers drawing from their own wide experience and success in e-commerce. Most of them first constructed the knowledge regarding their topic, following the practical part applying the skill in e-tailers' own firm. In addition, sharing views and ideas with other e-tailers seems to be a noteworthy part of the learning. Interestingly, "constructive roasting" of the participants' online stores was an effective way to point out the focus in the development work.

Challenges occurred related to a few issues. First, it is important also to pay attention to the facilitators' pedagogical skills. Experience and success in e-commerce merely does not guarantee mastery of teaching methods. Second, all participants should have an open online store in order to immediate application of learned topics. For example, digital advertising and data analysis are topics requiring direct exercise in practice. Third, the participants could more deploy supplementary material, such as video lectures, reports and presentation material. Finally, a novice e-tailer should pay more attention to develop her own information technology ability and experience (Shemi & Procter 2018; Rahayu & Day 2017) since it is one part of the e-tailers' core competence together with a sales-oriented mindset.

To conclude, a few issues can be raised. In order to gain e-commerce capability in SMEs, the training should integrate encouraging and inspiring role models, topical knowledge and hands-on experimentation and finally, firm-specific practical guidance. An effective training program should develop both the e-tailer's threshold resources to survive in the industry and integrate them with unique resources to gain competitive advantage (Agnihotri 2015). Besides a high-tech online store platform and networks, the e-tailer needs knowledge, skills and expertise to transform e-commerce activities into offerings that meet desired goals (Gregory et al. 2017).

This paper has several limitations. The empirical material contains only three training programs from one limited geographical area. The number of participants is small, only 18 e-tailers, and the amount and quality of gathered data are somewhat dissimilar between the e-tailers. The aim, however, is not to generalize the results, but rather to enhance understanding of effective means to improve e-tailers' business. Nonetheless, the results support the previous studies, such as Kumar et al. (2015), Bussière (2017) and Rippe (2015). Furthermore, this paper will be of value to SMEs, higher education institutions and public sector stakeholders in the formulation of policy for development of e-commerce opportunities.

Since current research lacks of studies related to e-commerce training, further research could investigate, for example, what are specific methods to train established e-tailers to grow and internationalize and; what new capabilities are needed in the future e-commerce. Another interesting topic would be how e-commerce adoption in SMEs could further regional development.

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