The Adoption of Internet Marketing Innovations in a Business-to- Business Context: A Conceptual Framework

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Abstract: This paper seeks to explain the adoption of marketing innovations in a business to business context. The analysis draws on existing research in a B2C context which highlights the importance of both personal characteristics and perceived attributes of the innovation. A distinctive B2B model is developeddrawing on Roger's innovation adoption model, the resource based view of the firm as well as theoretical and empirical foundations in previous innovation adoption literature to study the adoption of online marketing in the tourism sector. The model developed suggests that besides Rogers' perceived attributes of the innovation framework, an understanding of adoption decisions can be augmented by also considering organization specific characteristics which are consistent with a resource based view of the firm as well as individual characteristics. The model is testified drawing on the results of empirical work conducted with small businesses in the tourism sector in Egypt.Given the exploratory nature of the research, a qualitative methodology in the form of in-depth interviews was employed. In total a series of twelve in-depth interviews were conducted on a convenience sample of travel companies in Egypt. These were semi-structured interviews conducted with either the general manager or marketing manager of these companies. These interviews provided in-depth information and insights into respondents' thoughts and opinions about the factors affecting internet adoption that were used for comparison with the factors proposed in the conceptual model.Following the interviews the transcripts were analyzed based first on a within-case approach, followed by a cross-case approach as suggested by Miles and Huberman (1994). In addition to the attributes of the innovation, specific resources such as (company size, human resources and capabilitiesand strategic orientation) and individual manager factors such as (support, attitude toward change, risk) were identified as likely to have an important influence on the adoption of online marketing.

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1. Introduction

The advent of the Internet and the World Wide Web has attracted considerable attention and research from both academics and practitioners. Numerous studies anticipated a "marketing revolution" **(Hoffman and Novak, 1997; Kenny and Marshall, 2000**) as businesses changed their modes of operation and customers adapted to novel and different ways of purchasing goods and services. Implicitly, much research assumed that businesses would recognize the clear benefits of adopting this new technology and accordingly, research tended to focus on understanding the consumer perspective and the factors that would encourage consumers to adopt a new approach to information search and product purchase. This research has utilized a variety of theoretical frameworks including Roger's Perceived Attributes of Innovations (PAI) model, the Technology Acceptance model (TAM) and the theories of reasoned action and planned behaviour. More recently, researchers have started to focus on the willingness of businesses to adopt the internet/WWW for both general and for marketing specific purposes, recognizing that not all businesses will immediately appreciate the advantages of the new technology (**Moriones and Lera-Lopez, 2007; Dubelaar *et al.*, 2005; Ferneley and Bell, 2006; Lefebrve *et al.*, 2005**).

This paper seeks to investigate the issues relating to the adoption of a marketing innovation such as the WWW by businesses. It builds primarily on existing end consumer based research and develops a conceptual framework to understand why businesses do or do not adopt marketing innovations. The conceptual framework is developed based on three major sources namely, dominant existing innovation diffusion models and in particular Roger's theory of innovation adoption, the Resource-based view of the firm and extant innovation adoption literature. The paper begins with a brief overview of approaches to the adoption of technology based innovations to establish the current theoretical context for work in this area. The conceptual framework is then presented. Following that the qualitative methodology employed is then reviewed and the results of the in-depth interviews discussed.

These interviews provide in-depth information and insights into respondents' thoughts and opinions about the factors affecting internet adoption which will be used for comparison with the factors proposed in the conceptual model. The paper concludes with a discussion of the implications of the findings and directions for future research.

Literature Review

Innovation adoption has been conceptualized in different ways and studied from several perspectives. In addition to the distinction between end consumer studies and organizational studies, distinctions have been made between innovation adoption at different levels of analysis for example, comparing the organization and individuals within the organization (**Frambach and Schillewaert, 2002**), studies of adoption versus diffusion of innovations (**Kimberly and Evanisko, 1981**), innovation as a dichotomous variable indicating either adoption or non-adoption versus as a process of distinct and separate stages (**Houghton and Winklhofer, 2002, Molla and Licker, 2005; Aguila-Obra and Padilla-Melendez, 2006**). A number of different theoretical perspectives have been utilised. Rogers' Perceived Attributes of Innovations model (PAI) has been widely used in studies of, for example, telephone banking (**Locket and Littler, 1997**) online financial services (**Frambach *et al.,* 1998, Black *et al.,* 2001**). More general, but perhaps less popular, classical attitude-behaviour theories such as the Theory of Planned Behaviour (TPB) and the Theory of Reasoned Action (TRA) have also been used to understand end consumers adoption decisions (eg. **Shim *et al.,* 2001, Yoh *et al.,* 2003**). More recently the Technology Acceptance Model (TAM), a derivative of TRA has been used to study the adoption of IT among the sales force (**Schillewaert *et al.,* 2005**) and mobile services for wireless finance (**Kleijnen *et al.,* 2004**). Probably the dominant theoretical model in consumer based studies is Roger's model of the perceived attributes of innovation. **Rogers (1962**) seminal text identifies five characteristics pertinent to the innovation itself that have an affect on its adoption, namely relative advantage, compatibility, trialability, observability and complexity. Subsequent researchers added **Bauer's (1960)** construct of perceived risk to those proposed by Rogers. The first four attributes are positively related to adoption and the last two are negatively related (**Rogers, 1962; Bauer, 1960**).

Much of the initial marketing research on the adoption of innovations focused attention on final consumers. Initially, there was a heavy emphasis on the characteristics of individuals (eg. innovativeness) as determinants of adoption; subsequently, consideration of demand side (ie adopter) characteristics was extended to include attitudes, typically in the form of attitudes towards the innovation (see for example **Lockett and Littler, 1997**). Many of the early studies focused on the adoption of tangible (typically technology based) products. More recently there has been a growth in research focusing on the service sector with financial services probably the most commonly studied context (see for example (see for example **Hewer and Howcroft, 1999; Black *et al.,* 2001; Bradley and Stewart., 2002; Lasser *et al.,* 2005**).

To date, it is apparent that a large number of innovation adoption studies have focused on the consumer as the unit of analysis; comparatively few studies have considered the factors influencing the adoption of innovations by business (**Ferneley and Bell, 2006; Frambach and Schillewaert, 2002, Houghton and Winklhofer, 2002**). Still less research has been undertaken to consider specific marketing related innovations. However, businesses have decision making processes that often differ from those of consumers and accordingly, there is no reason to automatically assume that adoption decisions and processes are the same for the two groups. In particular, as **Frambach *et al.* (1998)** note, organizational innovativeness is not the same as individual innovativeness and while consumers are motivated to satisfy individual needs organizations are concerned with value added and organizational needs. Those business related studies which have been implemented have tended to highlight the importance of both perceived attributes of innovation as well as organizational characteristics (**Frambach and Schillewaert, 2002**). Such conceptualisations are consistent with consumer based work which integrates the attributes of the innovation and the personal characteristics of the consumer to understand adoption. While this approach is theoretically grounded in the literature relating to consumer behaviour and specifically to the importance of individual personality differences, the theoretical underpinning on the organisational side is less clear. The strategy literature and particularly the concept of the resource based view of the firm has the potential to provide a theoretical underpinning and broader conceptualisation of the role of organizational characteristics in influencing innovation adoption.

The resource-based view of the firm is a theory of competitive advantage that emphasizes the link between a firm's internal resources, strategy, behaviour and performance (**Wright *et al.,* 1994**). It takes an "inside-out" or firm specific perspective by focusing on the internal resources of the firm as the major determinant of its competitive success

(**Dicksen, 1996**). According to the RBV, firm heterogeneity implies that an innovation is cheaper and/or more attractive to some firms than others. That is to say that some firms appear to possess resources that give them comparative advantage in developing new processes or products (**Lockett and Thompson, 2001**). Thus even if an innovation appears to be relatively better than currently adopted ideas, a firm may not be able to adopt this innovation if it does not have the mix of assets or capabilities required for that. Therefore, there is potentially an important relationship between a firm's resources and capabilities and its propensity to adopt an innovation such as online marketing.

Proposed Model of Adoption

Based on the Roger's perceived attributes of innovation framework, RBV and extant innovation adoption literature a conceptual model is outlined as can be seen in Figure 1 below. This model outlines the first order factors influencing the adoption of a marketing innovation by a business. In essence, this model is based around the attractiveness of the innovation, the strengths of the organisation and the commitment of individuals within the organization. The model integrates Roger's perceived attributes of innovations framework which in effect measures the attractiveness of the innovation, with the resource based view of the firm which measures the extent to which the organization has the capability to adopt. The final component relates to individuals and their ability to drive forward and manage an innovation.

In order to understand and evaluate the applicability of the RBV and PAI frameworks to understand the adoption of a marketing innovation by organisations, the rest of this paper reports on an exploratory empirical study undertaken in the tourism sector in Egypt. The purpose of the research is to examine the factors influencing adoption for a service sector business in relation to proposed conceptual model.

2. Method

Much of the service based innovation work has been undertaken in relation to financial services and with little research in the tourism context. The information intensive nature of tourism products implies that the Internet and the web, with its global reach, storage capacity for information and multimedia capability, will be an increasingly important means of promoting and distributing tourism products. Moreover, a rapid increase in the numbers of sophisticated customers who require specialized and interactive products places huge demands on the tourism industry to take advantage of the information technology revolution and re-engineer business processes (Buhalis, 1998). Accordingly, the tourism sector provided an interesting context for exploratory research. Moreover, the rather slower rate of adoption in Egypt when compared to Europe or the US, permitted research at a much earlier stage in the adoption cycle.

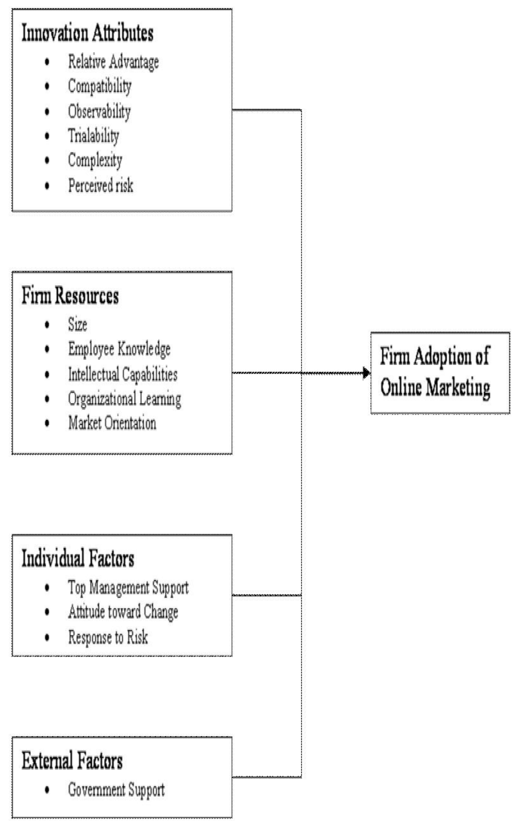

Figure 1: Proposed Conceptual Model

Given the exploratory nature of the research a qualitative approach was adopted. In total a series of twelve in-depth interviews were conducted on a convenience sample of travel companies in Egypt. These were semi-structured interviews conducted with either the general manager or marketing manager of these companies. These interviews served two purposes. First, they provided insights into the factors that influenced the adoption of online marketing that are to be compared with the factors proposed in the model presented. Second, they helped determine the extent to which existing theoretical perspectives would be relevant in the examination of adoption by business customers. Companies to be interviewed were chosen based on two criteria namely size and extent of internet adoption. Size was determined based on the capital of the company which is a piece of information available in the agencies directory. Three categories of online marketing adoption status were identified based on the features available on the web site owned by the company namely, non-adopters, simple adopters and complex adopters. Non adopters were those firms without any web presence for marketing, simple adopters were those firms using the web for the provision of marketing information only and complex adopters were those using the web for marketing transactions. This approach parallels that used by **Houghton and Winklhofer (2002)** in a study of exporting small firms. Following the interviews the transcripts were analyzed based first on a within-case approach, followed by a cross-case approach as suggested by **Miles and Huberman (1994)**. The analysis process began by examining each case individually and trying to identify patterns within each interview in order to discover factors that explain why these companies have adopted/not adopted online marketing. Following this stage, the cases were grouped under three groups namely, non-adopters, simple and complex adopters in order to identify what each group had in common and what made them different. Identifying the similarities within the three groups as well as the differences between them provided a means of disentangling those factors which impacted on the form of adoption. This analysis was informed by existing theoretical frameworks which were used to structure the factors that emerged from the analysis.

3. Results

The interviews provided clear evidence to suggest that Roger's Perceived Attributes of Innovations were relevant to the adoption decision as the following discussion demonstrates.

Perceived Attributes of Innovations

Perceived attributes of innovations are generally identified as relative advantage, compatability, observability, trialability and complexity, with perceived risk commonly included as a sixth attribute. With the exception of trialability, there was evidence that the remaining five attributes were relevant to the adoption decision.

Relative advantage has been defined by **Rogers (2003**) as "the degree to which an innovation is perceived as being better than the idea it supersedes." While simple and interactive adopters mentioned that one of the main reasons why they adopted online marketing was related to the advantage of this new medium over traditional marketing methods, non-adopters typically could not see any benefits associated with marketing online and expressed little interest in such an approach. Common to simple and complex adopters were that the web enabled them to capture new opportunities created by the web, enhance company image, achieve greater visibility on both the B2C and B2B levels, achieve wider reach, provide individualized marketing, reduce costs associated with traditional marketing tools, open new markets, be up to date with world movement of internet adoption, market the company's products to an international audience, increase customer base and increase sales. In contrast, non-adopters indicated that the internet is an unsuitable medium for providing tourism services as it inhibits the interaction between the customer and the travel agent. As the marketing manager of a non adopter noted, *"the internet just provides information without personalizing the interaction"*.

Compatibility is "the degree to which an innovation is perceived as consistent with existing values, past experiences, and needs of potential adopters" (**Rogers, 2003**). Management's familiarity and experience with computers and the internet was explicit from the interviews discussions for both simple and complex adopters. Most simple and complex adopters developed their web sites internally in terms of content and design and left only the technicalities to an outside company. Thus they had the required knowledge to develop an important part of the web site; a matter that is thought to have facilitated internet adoption. The general manager of a simple adopter mentioned that he had developed the idea, content and design of the website and that he decided on all the details related to the web content including programs and services offered. More complex adopters also demonstrated higher levels of familiarity and comfort with IT. Non adopters provided little evidence of any interest in the use of the WWW and, although not explicitly mentioned by non-adopters, it seems plausible that these companies' lack of experience of the WWW may have also acted as a barrier to adoption.

Rogers (2003) defines observability as "the degree to which the results of an innovation are visible to others." Interviews with both simple and complex adopters suggested that two forms of observability helped facilitate the adoption decision. In particular, respondents noted first, the impact of watching what other travel agents are doing and how much they have progressed with their internet adoption efforts and second, attending international travel fairs and conferences and thus being exposed to new ideas and practices. As one manager noted, observing the experience of others *"definitely had an effect on my adoption decision"*. Although there was no evidence to suggest that these companies could directly measure the extent to which other companies were benefiting from the internet, they were able to observe the use of an innovation by their competitors. Complex adopters seemed to pay more attention to the benefit received by companies from adopting online marketing and some demonstrated awareness of the benefits of adoption for firms located outside of Egypt. Non adopters displayed far less awareness of the experience of other companies in terms of adoption.

Complexity is defined by **Rogers (2003**) as "the degree to which an innovation is perceived as relatively difficult to understand and use." Although complexity was not mentioned explicitly by interviewees as a barrier to the adoption of online marketing, it was clear that it did have a role to play implicitly particularly for non-adopters. For example, the marketing manager of a non-adopter noted that *"although we know that the internet is placing a threat on our existence, we don't know how to cope with this internet trend and don't see how we can capture benefits."* Other non-adopters mentioned that a lack of knowledge and understanding of computers affected their decision to not use the web to market their services. In contrast, adopters point to the fact that they and their staff felt comfortable, knowledgeable and able to maintain an online marketing presence. Thus the interviews provided evidence to suggest that the complexity associated with understanding and using computers and the internet seemed to act as a barrier to adoption.

Rogers (2003) defines trialability as "the degree to which an innovation can be experimented on a limited basis." Trialability was the one perceived attribute of an innovation that was not explicitly mentioned by any of the three groups as a factor that affected internet adoption. This maybe due to the specific nature of the innovation which, as a service innovation could not be easily tried on a partial basis.

Perceived risk can take many forms (**Mitchell, 1999**). In the interviews the risk of conducting financial transactions over the internet and the risk of harming the relationship with channel members appeared to be of particular significance. For all respondents, perceived risk associated with conducting online payment transactions seemed to be a main concern. According to the interviewees, there is still a lack of trust in the internet as a medium for transactions. The marketing manager of a non-adopter said, "We are afraid that after we ask our customers to send their credit card information on the web and we withdraw the agreed amount from their accounts, that hackers would access this information and withdraw money from the customers' accounts and in this case our company will be held accountable…..we don't want to put ourselves in such a situation since this will affect company image and will result in financial loss by the company." While this factor acted as a barrier to adoption by non-adopters, simple and complex adopters tried to find a way around the problem by postponing payment until the tourist arrives or by resorting to other means of payment such as bank transfer. In that sense, the adopters were developing strategies to mitigate perceived risk.

In addition to financial risk, the risk of losing business coming through tour operators emerged as an important concern. Travel agents expect that if they use the web to directly reach their end customers (tourists), they would be in conflict with their intermediate customers (the tour operators in Europe and the US) who bring the bulk of the business to the region. According to the G.M. of a non-adopter, *"we are afraid to develop a web site via which we will be able to reach customers directly and will have to post prices on. We can not post the same prices we give to our tour operators on the site, we have to post higher prices or else tour operators could retaliate and we would lose a bulk of the business brought through tour operators to something that is not yet guaranteed in terms of how much business it will generate to the company."* Simple and interactive adopters had varying views regarding this issue. Some mentioned that they wanted to operate solely through the internet so as not to be under the control of the tour operator and to reap all the profit, others indicated that they would rely on both the internet and tour operators as each serves a different customer group.

Firm Resources

In addition to the perceived attributes of the innovation, it was apparent that a range of firm specific resources also impacted on the adoption decision in line with those in the proposed conceptual model. The importance of firm specific characteristics has been noted by **Frambach and Schillewaert (2002)**, but extant research has tended to operationalise these attributes rather narrowly and without identifying an underlying theoretical framework. The following discussion presents a broader definition of firm specific characteristics using the resource based view of the firm as a theoretical framework. Themes to emerge from the interviews and consistent with the factors in the conceptual model included physical resources (size), human resources (knowledge and capabilities), intangible resources (learning, strategic orientation).

Size is physical resource which, according to **Barney (1991)**, includes factors such as plant and equipment, geographic location, access to raw materials, and use of physical technology. Although size was identified by interviewees as an important issue, views were mixed. The marketing manager of a non-adopter noted that *"the internet is a luxury that only large firms can afford to have because they possess the needed resources, as for small companies it is a financial burden especially that the return expected from it is marginal until now"*. In contrast, some small simple and complex adopters indicated that because of their small size they had the flexibility to adopt online marketing because they were not constrained by the rigidities and fixed structures of large organizations. Moreover, some larger simple adopters also observed that their larger size and their human and financial resources facilitated their internet adoption. Since the sample comprised SMEs, it is possible that observations regarding flexibility related to SMEs versus other firms and that the observations about size in terms of adoption could be interpreted as relating to size within the SME cohort and accordingly, it is suggested that larger firms are more likely to adopt the internet for marketing purposes.

A company's human assets include the people working in it and their skills and abilities (**Hooley *et al.,* 1998**). From the interviews, it was apparent that the IT background of management or employees was an important factor affecting internet adoption. This IT background reflects the previous experience with computer use as well as experience relating to the promotion of tourism on the web. While non-adopters indicated that they had problems relating to the quality of employees in terms of skills and abilities, simple and complex adopters observed that it was through the knowledge and skills of their employees that they were able to design a web site and promote their services over the web. As the GM of one simple adopter noted *"The web site was developed in-house by company employees who are qualified in terms of IT knowledge and travel experience"*. This suggests that adoption will be positively influenced by the presence of adoption specific skills within the organisation.

Marketing capabilities refer to the integrative processes designed to apply the collective knowledge, skills and resources of the firm to the market-related needs of the business, enabling the firm to add value to its goods and services and meet competitive demands (**Day, 1994**). The interviews showed that besides specific IT knowledge, know-how related to marketing on the Internet, particularly in relation to tourism, was an important factor that affected the adoption decision. While simple and interactive adopters commented that management and employee know-how related to online marketing acted as a facilitator to adoption, non-adopters mentioned that this acted as a barrier. For example, the GM of a complex adopter commented on the low take up of the internet as follows: *"We in Egypt do not have the required experience to market a highly intangible service like tourism and a destination as a whole on the Internet"*. The G.M. of another interactive adopter added that ideas such as virtual tours, newsletters, e-cards and others were developed through internal brainstorming by both management and employees to come up with new ideas that would attract the visitor to the web site. In contrast, non adopters appeared to have limited awareness of the marketing possibilities created by the internet, or their value. This gives rise to the proposal that the possession of relevant capabilities will increase the likelihood of the adoption of an innovation.

Organizational learning involves giving rise to a set of organizational values that influence the propensity of the firm to create and use knowledge. Learning orientation thus affects the degree to which proactive learning occurs within the firm (**Sinkula *et al.,* 1997**). Three organizational values; commitment to learning, open-mindedness and shared vision constitute the core components of learning orientation within a firm. It was obvious from the interviews that simple and interactive adopters were open to change and enthusiastic about the Internet and about learning about its use in their industry. *"We had the IT background but required a lot of self-learning to develop an adequate level of travel information since most of us did not have travel education as a background"*, said the G.M. of a complex adopter. Non-adopters, in contrast, were not interested and did not encourage any learning related to the Internet in their organizations. One marketing manager commented that using the internet in their marketing would require investment in training and that staff time could not be spared given the current workload. Additionally, there seemed to be a resistance to any change in current practices and a general satisfaction with existing ways of doing business. Thus, a strong learning orientation within a firm would be expected to increase the likelihood of an innovation being adopted.

As a strategic orientation, market orientation is typically defined in terms of market information acquisition and dissemination and the coordinated creation of customer value **(Kohli and Jaworski, 1990)**. **Narver and Slater (1990)** suggests that there are three components to market orientation; customer orientation, competitor orientation and inter-functional coordination. While simple and complex adopters were externally focused in terms of closely watching the local and international competition as well as targeting customers from all over the world, non-adopters were less externally focused and had limited awareness of competitor activity. Two issues mentioned by non-adopters as driving this lack of market focus were the nature of the product and the target market. In essence they argued that the provision of religious (Hajj/Omra) and Coptic Cairo tours targeted at pilgrims, or trips to Egypt targeted at customers in the Gulf, were characterised by excess demand and there was no pressure to be market oriented - *"Hajj and Omra do not require availability on the internet to attract tourists since these religious tours are done anyways without a need to market for them."* Simple and interactive adopters, on the other hand, showed more market orientation and high level of awareness of the competition. The GM of a simple adopter, for example, noted that *"An important reason why we adopted the internet is to cope with world competition and world pattern. Travelling to attend international travel events has helped provide me with experience and exposure to the idea of the internet, a matter that definitely had an effect on my adoption decision"*. This leads to the suggestion that firms that are more market oriented and thus more responsive to the market place are more likely to adopt marketing related innovations.

Individual factors

Frambach and Schillewaert (2002) make the distinction between the adoption of an innovation by the organisation and its adoption within that organization. In SMEs this distinction may be of rather less significance, although it does alert us to the importance of the individual in adoption decisions. Consistent with the factors proposed in the conceptual model, the interviews highlighted a number of factors related to individuals within the organisation which had an important bearing on the adoption decision. Indeed that factors identified here have clear parallels with the senior management factors identified by **Kohli and Jaworski (1990)** in their study of market orientation and include top management support, attitudes to change and approaches to risk.

The interviews discussions showed that while top management in non-adopters did not have the either level of awareness or the willingness required to understand the marketing opportunities offered by the internet, the reverse was true in the case of simple and complex adopters. A manager from one non adopter noted that "We have a problem of old generation thinking among management of companies that is against exploring new ideas." In contrast, a more complex adopter observed that "You would find that the few companies that have already adopted the Internet are the professional ones whose managers understand what the Internet is and believe that it is important to the industry". Thus the strength of top management support and commitment is identified as a positive influence on the adoption decision.

According to **Rogers (2003**), earlier adopters of innovations have more favourable attitudes toward change than later adopters. Although decision makers within the non-adopter companies realized that the internet could be a threat to their business, they were resistant to change. This resistance variously reflected a satisfaction with current ways of working, a reluctance to expend resources on something new or a simple fear of change. For example, the marketing manager of one non adopter commented on employees fears about job losses. In contrast, simple and complex adopters were much more positive about change - *"The internet is a must nowadays if travel companies want to operate in an effective way and to benefit from interacting directly with their customers,"* (marketing manager). The marketing manager of an interactive adopter explained that *"unless travel companies are willing to explore new ideas that have proved to be successful on an international scale like the internet, their existence will be threatened since the gap between them and adopter companies will widen everyday"*. This concept of positive attitude to change parallels to construct of innovativeness used in many end consumer studies and can be expected to have a positive impact on adoption.

Finally, among the individual factors, is the concept of approaches to risk. According to Rogers (2003), earlier adopters of innovations are more able to cope with uncertainty and risk than later adopters. The two types of risks associated with internet adoption were identified earlier as security and channel conflict. Non-adopters viewed these types of risks as major and influential. They had a conservative attitude and wanted to wait and observe the experience of other companies. On the contrary, simple and interactive adopters showed a more positive response. The general manager of a simple adopter explained how they got around the online payment problem by asking the tourists, once they've confirmed their tour packages choices and agreed on prices, to send via email or fax their credit card information to the travel agent and indicate that they accept that the travel agent withdraws the agreed upon amount as well as sign this letter. As for the fear of channel conflict with tour operators, some simple and interactive adopters chose to avoid conflict by only distributing directly to end customers; others were convinced that the two systems could work in parallel. What distinguished the adopters from the non adopters was the former's willingness to accept and manage risk and consequently a positive approach to risk is expected to impact positively on adoption, not least because it will mitigate any perceived risks.

Conclusion

This paper has attempted to enhance current understanding of the adoption of innovations with a particular focus on the factors that might influence businesses to adopt a marketing innovation. This extends existing, if rather limited literature on the organization's adoption of innovations and considers this process specifically in relation to SMEs in the service sector. The research context, Egypt, is of particular interest given that the innovation – online marketing- is still at a relatively early stage of development. Drawing on a series of detailed and in depth interviews with 12 travel agents in Egypt, the conceptual framework proposed which links innovation attributes with organisational capabilities and individual characteristics as first order predictors of innovation adoption was testified. The results of the qualitative work provide support for the proposed model.

In particular, comparisons were drawn between non adopters, simple adopters (information only) and complex adopters of online marketing. Non adopters showed little awareness of any relative advantages associated with online marketing, found it largely incompatible, complex and had no observed any benefits to others from adoption. Perceived risks were high making online marketing overall and unattractive offer. This was compounded by a sense that the organisation was too small, lacked specialist skills and capabilities, was not particularly open to new ways of doing things and not particularly externally focused. Moreover, the individuals involved in those organisations and in their decision making were typically uninterested in the innovation, averse to change and overly concerned about risk. The reverse was true for simple and complex adopters, with some minor difference appearing to distinguish these two groups.

Clearly, at this stage, the findings are limited by the exploratory nature of the research and the specific research context. At a conceptual level, the proposed model is consistent with and grounded by established theoretical frameworks and not inconsistent with evidence from previous studies of innovation adoption. However, clearly further empirical work is required to test this model in the tourism sector and in other relevant sectors.

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