

Willingness for Change to New Norm for Traditional Food Business by SMEs Entrepreneurs

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Abstract

Traditional food represents the cultural identity that becomes an income source for Small and Mid-size enterprises (SMEs) entrepreneurs in Sabah. The sudden presence of COVID-19 since March 2020 has impacted traditional food entrepreneurs. This research examines the readiness of entrepreneurs to innovate their businesses through a new norm. Factor Analysis is used to analyse 21 parameters of a new norm for the traditional food business. This study developed three dimensions: enhancing existing business, new norm business and improving business skills. Entrepreneurs need to prepare strategies to meet new business norms. Support from the government and agencies is required to enhance SME entrepreneurs' business capabilities.

Keywords: Traditional Food; SMEs; Covid-19; New norms

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1.0 Introduction

Small and Medium Enterprises (SMEs) for the services and other sectors can be defined through the annual income and the number of workers in each category: the micro, small and medium categories. The micro category's yearly income is less than RM300 000 per annum, with a total number of workers of less than five. The annual income is from RM300, 000 to RM3 million ringgit per annum in the small category with less than 5 to 30 workers. The medium category is defined as an annual income of RM3 million to RM20 million with a workforce of between 30 and 75 workers. The definition of SMEs was approved by the National SME Development Council (NSDC) in its 14th meeting in 2013 (SME Corp Malaysia, 2020). To date, the majority of traders in Malaysia are registered SME entrepreneurs and have contributed to the gross domestic product (GDP) was about 37 per cent in 2017, which forms the backbone of the national economy (Norazida, 2019).

Corona Virus Disease (Covid-19) spread resulted in the government issuing the Movement Control Order (MCO), which restricted the people's movement and closed its borders to tourists. The closure of SME premises on 18 March 2020 has had a massive impact on this sector, mostly tourists purchasing their products. The Covid-19 crisis contributed to the cash flow problem among SMEs. In that respect, entrepreneurs had to find a new approach to regain the capital they had invested in their businesses. They also had to shift their business location by using the social media platform for all online transactions, known as e-commerce or digital business (Chaffey et al., 2019; Tyas & Hutama, 2021). This scenario gradually attracted SME entrepreneurs to face the new norms in handling their business, even though adopting e-commerce has become a new challenge among them (Nantembelele & Gopal, 2018; Astuti & Nasution, 2014).

E-commerce has become quite significant to the Malaysian economy, especially for entrepreneurs, to sustain their market share. This new business norm carried out by the SME entrepreneurs included using a digital business model, reorienting their product supply chain, and adapting their business according to consumer behaviour (Dennis et al., 2009). Online sales have become a competition among SME entrepreneurs in marketing their products since the Movement Control Order (MCO) enforcement. E-commerce platforms such as Lazada and Shopee enabled them to overcome the geographical constraints in delivering their goods to their customers during the pandemic. E-commerce marketing during the pandemic has proven to be a resilient method for entrepreneurs to sustain vis-à-vis in practising the new norm.

With its multiple cultural and ethnic groups, Sabah is well-known for producing food products as one of its assets to domestic and international tourism. Dry food products such as kuih cincin, kuih lidah, amplang and wet food products such as binaya and pinasaakan are a hit among the locals, and an attraction for tourists and traditional preparation symbolises the cultural and ethnic diversity of Sabah. The effects of globalisation and technological development have succeeded in offering many entrepreneurs opportunities to use social media services such as Facebook, WhatsApp, and Instagram to open their market share. However, many entrepreneurs still rely on traditional methods, which are face-to-face transactions distributed in areas visited by

tourists, such as the pasar tamu, restaurants, markets, and business premises. Entrepreneurs who conduct face-to-face sales are the most affected during the MCO. Even though digital usage in the new norm is encouraged among SMEs, the entrepreneurs still face challenges such as a lack of digital use skills, low creativity in online marketing, and no internet infrastructure (Amos & Rachel, 2020). According to Rudenko et al. (2005) and Ifinedo. P (2011), management of support infrastructure is crucial for SME entrepreneurs. Adopting e-commerce could affect SME entrepreneurs' performance, especially in food marketing (Wardoyo et al., (2018). The product requires media coverage factors, tourists' hotspots and the cultural relationship with ethnic groups Yakin et al. (2020). This paper tends to identify how far the SMEs in Sabah are willing to change their business norms to ensure that traditional food products can still be a dominant force in the SMEs.

2.0 Literature Review

2.1 The Definition of Digital Marketing (E-commerce)

In general, e-commerce can be understood as a platform that facilitates the selling and buying of products or services provided by entrepreneurs in cyberspace. Besides, e-commerce allows customers to search and choose products in a catalogue. The payment process of e-commerce is done via credit or debit card and online banking transfer. E-commerce can be defined through four perspectives: first, the communication perspective, through the dissemination of information and products electronically; secondly, a business perspective which is the application of technology into a more automated business. Third, the service perspective deals with the quality and fast delivery process. The fourth is the online perspective which refers to the purchase and sale of products between the trader and buyer (Chaffey et al., 2019).

2.2 The New Norm of E-Commerce Marketing

The marketing of SME products focuses more on the presence of tourists to obtain profits from their business. Rosnia Aznie et al. (2020) found that a certain product's productivity will increase if the number of tourists coming into the country also increases. The method SME entrepreneurs use to attract tourists and locals is traditional trading (direct trade) at the location of tourist spots, festive seasons and expositions or carnivals. Food can be a way to show a country's special features and characteristics (Hall et al., 2004); therefore, this industry can be a catalyst in helping to elevate the nation's economy. However, the traders faced difficulties marketing their products due to the decline in tourists. In maintaining viability and benefits in a business, SME entrepreneurs need sources to market their products, such as investors successfully. These workers are skilled in product marketing and goods distribution (Norasiah and Mohd Nasir, 2007).

Digital transformation in businesses has been adopted for quite a while in marketing because it provides a better opportunity from the sales point of view and rebranding a

product (Loonam et al., 2018). However, the spread of Covid-19 has impacted the entrepreneurs, which has caused competition in marketing the products digitally, i.e. e-commerce marketing. The President of the Malaysia SMEs Association announced that digital technology usage before this was only 10 to 20 per cent; however, after the MCO, marketing through digital technology significantly increased marketing via e-commerce to 40 per cent among SME entrepreneurs (Hazwan Faisal, 2020). Those severely affected by the Covid-19 pandemic had optimised the digital technological edge in their products' marketing (Ziyadin et al., 2019). Not counting their geographical background, entrepreneurs could diversify their source of income despite facing physical constraints. In general, e-commerce sales have increased during the pandemic (Anam, 2020).

Nevertheless, not all entrepreneurs carry out their businesses digitally. Research done by the Canadian Emergency Response Benefits in Canada discovered that one out of four traders couldn't afford to operate their businesses online due to a lack of ICT knowledge and understanding of converting their business operation to the online platform (Mabey, 2020). Implementing e-commerce requires combining entrepreneurial skills and infrastructure such as machines, computers and high-speed Internet (Williamson et al., 2003). Furthermore, it had not wholly ascertained the application of e-commerce in Malaysia due to various socio-economic, cultural and readiness factors (Nair et al., 2010). Entrepreneurial SMEs should understand consumers' behaviour toward the products of manufactured goods. Bakar and Jimel (2018) found that affective attitudes and altruism influence sustainable product acceptance.

Mohammad et al. (2020) believe that an adverse effect had emerged on the entrepreneurs who practised e-commerce. The presence of products from abroad that enter the Malaysian market will increase competition and decrease local products' demand. This matter will influence sales and buying behaviour among customers. Therefore, creative marketing in the behaviour business is imperative in attracting buyers' interest in cyberspace. Pictures of products uploaded on social media play an essential role in successful marketing. The role of government, organisational readiness, IT-relates skills, capabilities and infrastructure, among other factors to adopt successful e-commerce (Lertwongsatien & Wongpinunwatana, 2003; Seyal & Rahman, 2003; Jameel, & Ahmad, 2018; Khoo et al., 2018).

3.0 Methodology

This research is undertaken to ascertain the new norm for traditional food business SME entrepreneurs in Sabah. A total of 105 SME entrepreneurs were selected to become the respondents of this study using non-probability sampling. The questionnaire employs a Likert of 4 Scale 1 (Strongly Disagree), 2 (Disagree), 3 (Agree), and 4 (Strongly Agree). The quantitative approach is employed to develop a descriptive analysis that captures frequency values and mean scores. Factor Analysis is used to analyse 25 parameters of a new norm for traditional food business by SME entrepreneurs. Factor analysis is a multivariate methodology to analyse the correlation between variables and those grouped

in the same category (Horst, 1965). As a result of factor analysis, only 21 variables are acceptable for further analysis. Mean analysis is undertaken to ascertain the new norm for traditional food business's dominant factor by SMEs Entrepreneurs. The relationship between the Likert scales was then interpreted using mean score analysis using the mean score propensity level used by Pepe and Fleming (1994) based on Table 1. A semi-structured interview with three informants involving SME entrepreneurs was also conducted to strengthen the findings on several issues related to this study. The interviews were compiled thematically, triangulated and transcribed into verbatim data.

Table 1: Min score index

Min score index	Level
1.00 to 2.33	Low (L)
2.34 to 3.66	Medium (M)
3.67 to 5.00	High (H)

Source: Pepe and Fleming (1994)

4.0 Findings

4.1 SME Entrepreneurs' Demography

Table 2 briefly indicates the demography of the SMEs entrepreneurs in Kota Kinabalu. Most entrepreneurs aged between 21 to 30 years old (30%) followed respondents aged 51 and above (23.3%). The Brunei ethnic group dominates at 40 per cent, followed by the Bajau ethnic group (26.7%). The respondents' business duration is between 1-5 years (36.7%) and 16 years and above (23.3%).

Table 2: Respondent Demography

Age	Per cent (%)
<20 years	10
21-30 years	30
31-40 years	16.7
41-50 years	20
51 years and above	23.3
Race	Per cent (%)
Bajau	26.6
Brunei	40
Dusun	6.7
Kedayan	10
others	16.7
Business Duration	Per cent (%)
1-5 years	36.7
6-10 years	23.3
11-15 years	16.7
16 years and above	23.3

4.2 The Covid-19 Pandemic Impact on SME Marketing

The spread of Covid-19 has caused the SMEs' traditional food entrepreneurs to comply with a new norm in facing the unexpected effects in business. This matter drastically influenced the marketing of their product (Harifah et al., 2020). Table 3 indicates the impact that SMEs and traditional food entrepreneurs face. The most apparent effect is "difficult to secure new customers/buyers" (4.45 mean). The lack of buyers/customers causes this either from tourists or local buyers. According to respondents, the lack of buyers is due to the MCO because most of their customers are tourists visiting Sabah. Entrepreneurs stick to the existing business in the new norm era as they are not confident with a new business/product (4.00 mean). They have to handle many processes that will only add to the workforce's difficulties and capital expenditure. Therefore, focusing on their existing business is a priority during this pandemic.

The new norm introduces entrepreneurs to e-commerce online product marketing. Some entrepreneurs did not get any expert guidance on e-commerce marketing (3.66 mean), most probably due to the lack of exposure or fees payment was imposed to attend the seminars and webinars. This state of affairs resulted in less competent entrepreneurs marketing their products online more efficiently (3.26 mean). Some entrepreneurs do not possess internet usage skills (3.05 mean), and some have no access to the Internet (2.96 mean), causing problems in marketing their products efficiently. Furthermore, internet usage requires some costs which are not affordable to the locals. The study of Mayrilyn et al. (2017) found that entrepreneurs who conduct business online in rural areas experience poor internet network problems. The infrastructure in rural areas is not the same as in urban areas, which causes rural entrepreneurs to experience difficulties accessing the Internet for business purposes (Siti Masayu, 2014).

Table 3: New Norm Marketing Impact

Effect	Mean	Scale
No knowledge of marketing method	3.26	Medium
No knowledge of the Internet (online marketing)	3.05	Medium
No confidence in trying a new business/product	4.00	High
No access to the Internet to market products	2.96	Medium
No guidance from e-commerce marketing expert	3.66	High
Difficulty in getting new customers/buyers	4.45	High

There are several issues entrepreneurs face in implementing online marketing methods during the Covid-19 pandemic period (Table 4). Informants (1), (2), and (3) said entrepreneurs are less skilled and do not have the knowledge to market products online. Informant (1) also stated that doing business online is less convincing and is worried about fraud while doing business. Entrepreneurs need to strive to deepen their online business skills so that entrepreneurs are not easily deceived by internet users and thus can learn effective online marketing (Storr et al., 2021).

Informant (2) explained that no government or non-government agencies' guidance regarding online product marketing methods exists. Entrepreneurs are charged expensive

fees if they want to attend a course related to digital product marketing, but they cannot cover the course's cost.

Online marketing methods present a challenge to elderly entrepreneurs. Informant 3, 50 years old, is less skilled in using smartphones or computers to market their products. Muhammad Thoriq & Mohd Abdul (2021) explained that using information technology is one of the challenges for food entrepreneurs aged 40 and above because doing business online requires knowledge to avoid unwanted risks.

Table 4: Issues of New Norm Marketing Implementation

Informant 1, age 30 years old	<i>"...I'm not skilled and don't know how to advertise a product. Online marketing requires internet data to browse websites or business applications. I am afraid of being cheated and lack confidence in doing business online..."</i>
Informant 2, age 45 years old	<i>"...I have no guidance from any party. Entrepreneurs have to pay high prices to follow online business courses..."</i>
Informant 3, age 50 years old	<i>"...I'm an old trader, and it's quite difficult to do business online because I'm not good at using smartphones and computers. Therefore, I had to ask my children to help sell products online..."</i>

New Norm marketing has become a challenge for traditional food entrepreneurs because they have become accustomed to physically doing business at their premises.

4.3 Strategy to Enhance Product Marketing

SME entrepreneurs planned their strategies to face the effects of marketing their products during this pandemic. The primary approach is to be creative in business (4.36 mean). Entrepreneurs use existing skills to draw interest from customers by using online advertisements. Meanwhile, adding entrepreneurship skills scored 4.03 mean. That is due to the entrepreneurs using youtube and google alternatives to improve their product marketing knowledge through online e-commerce. Siti Masayu & Fatimah (2020), using social media among small-scale entrepreneurs is a strategy that can help small-scale food entrepreneurs increase the distribution of goods and expand their business. Besides, improving product quality (3.93 mean) is another SME entrepreneurs' strategy in increasing product marketing in this new norm. The recipe and its originality in taste can improve food product quality through the recipe and its originality in taste. Mireille & Carole (2019) asserted that resilient entrepreneurs could satisfy customers by improving the quality of food products in terms of freshness, nutrients, texture, taste, and better aroma.

The following strategy is to attend a product marketing course through e-commerce (3.50 mean) organised by the public or private sector. Findings from interviews with respondents indicated that not all entrepreneurs could employ this strategy as there was an aspect of the participation fee. Only those chosen and who fulfilled the criteria can attend the courses during this pandemic. Attending cooking classes (3.20 mean) was an initiative for the entrepreneurs who had just started business since the MCO was enforced. They participate in online cooking classes for a nominal fee to assist new entrepreneurs. According to Fahrughazi et al. (2020), three factors enhancing the

performance of online businesses in Malaysia are product abundance, delivery and price of the product. It may influence the success of online businesses' profit performance.

Table 5: Strategy of Increasing Market share in the New Norm

Strategy	Min	Scale
Frequently attending e-commerce skills course	3.50	Medium
Increase product quality	3.93	High
Must be creative in business	4.36	High
Increasing entrepreneurship knowledge	4.03	High
Attend cooking class	3.20	Medium

4.4 Factor Analysis of New Norm for Traditional Food Business by SMEs Entrepreneurs

Factor analysis to construct factors on the readiness of entrepreneurs toward the new norm for traditional food business. The factor analysis is deemed appropriate if the value of KMO is bigger than 0.60. It turned out that the value of KMO is 0.748, which means that the data is free from problems relating to multicollinearity, and the items are suitable for factor analysis. The rest is significant, where $p < 0.05$ indicates that the correlation between the items is appropriate for factor analysis. Table 5 shows the KMO test results, Bartlett's Test, factors, the selected items, the loading factor, the eigenvalue, the variant, and Cronbach's Alpha.

Based on EFA results, the 'enhancing existing businesses' contributes 29.335 per cent with the eigenvalue of 7.267.610 (see Table 2). This factor contains eight (8) items. The second important factor is the 'new business norm'. The eigenvalue is 3.912, with the variant of 15.047 per cent. This factor also contains eight (8) items. Lastly, the third important factor is the 'improve business skills' factor with (5) items that contribute 7.519 per cent variant with the eigenvalue of 1.955.

Table 6: Factors Analysis of New Norm for Traditional Food Business by SMEs Entrepreneurs

Item	Factor		
	1	2	3
Enhancing Existing Business			
Maintaining existing business	0.729		
Self-delivery of food (COD)	0.694		
Increase product quality	0.677		
Targeting local market	0.652		
Diversifying sales product	0.622		
On-demand sale	0.619		
Sell in bulk	0.501		
Sending products to sundry shops	0.591		
New Norm Business - E-Commerce			
New marketing approach		0.822	
Preparing computer/laptop to market product		0.792	
Opening up market share through advertisement		0.782	
Preparing internet access to market products		0.777	
Orders through F.B., Instagram and WhatsApp		0.769	
Marketing products through e-commerce		0.677	
Learning how to use the Internet		0.653	

Delivery through FoodPanda/GrabFood	0.621		
Improving Business Skills			
Increasing entrepreneurship knowledge			0.775
Creativity in business			0.724
Frequently attending courses			0.711
Increase product quality			0.677
Attending cooking classes			0.666
Cronbach's Alpha	0.919	0.847	0.837
Total Variance Explained	7.627	3.912	1.955
Percentage Variance Explained	29.335	15.047	7.519
Notes: Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.748; $\chi^2 = 921.90$; Bartlett's Test of Sphericity Significance = 0.000; df = 325			

Factor analysis had constructed three factors: the first factor, 'enhancing existing businesses' second factor, 'new business norm', and 'improving business skills'. The mean value (Diagram 1) will list the dominant factors in entrepreneurs' readiness to enter new traditional food business norms.

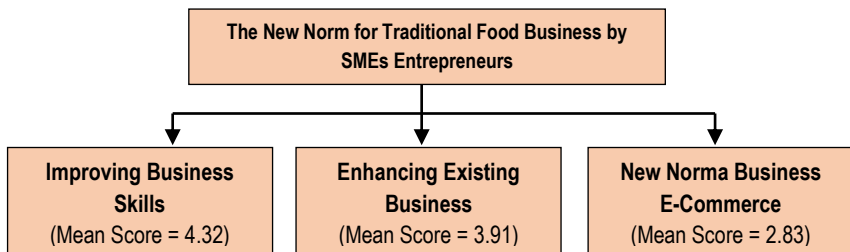


Diagram 1: Factors of New Norm for Traditional Food Business by SMEs Entrepreneurs

Diagram 1 and Table 7 shows the highest factor to adopt the new norm for SMEs Entrepreneurs is "improve business skills" (mean of 4.32), while the second-highest factor, "enhancing existing business" with a mean of 3.90, and the third factor is "new business norm" with a mean of 2.82. Technology knowledge is dominant in improving SMEs' business skills (Sin K.Y. & Sin M.C., 2020). At the same time, they are struggling to maintain the current business norm. The sub-factor shown in Table 6 indicates that "diversifying sales product", "advertisement", and "sharpen skills" will be a benefit for SME entrepreneurs. Traditional food entrepreneurs, especially those in the micro size, require more time to equip themselves with the new norm, i.e. "e-commerce". They are not yet confident with the response toward marketing via e-commerce which they are to face (Mazzarol, 2015). That is mainly for those in rural areas facing difficulties marketing their product due to poor internet coverage, which badly affects their income. Expert guidance is highly required. To remain competitive in the industry, most entrepreneurs still lack knowledge of the legal aspect of excessive pricing in business (Abdullah & Rosnan, 2018). Findings from interviews with the respondents, participation in seminars

and courses conducted by entrepreneurship experts require participation fees. Some SMEs who can't afford those sessions obtain entrepreneurship knowledge through their experience. Findings from interviews with the respondents, participation in seminars and courses conducted by entrepreneurship experts require participation fees. Some SMEs who can't afford those sessions obtain entrepreneurship knowledge through their experience. Hence, the brochureware, support, opportunity and system from the government are very important for exploring e-commerce (Islam, K. A., & Miajee, M. R. K. (2018). This finding parallels the literature reviewed by Khoo V. et al. (2018) that the significant factors influencing e-commerce adoption include management's support, the role of government, perceived benefits, external pressures, organisational readiness, IT-related skills, capabilities and infrastructure, among others.

Table 7: Mean Score of the New Norm for Traditional Food Business by SMEs Entrepreneurs

Factor 1 : Enhancing Existing Business	Mean	Ave Mean	Level
1. Maintaining existing business	4.255	3.906	Moderate
2. Self-delivery of food (COD)	3.388		
3. Increase product quality	4.266		
4. Targeting local market	4.078		
5. Diversifying sales product	4.777		
6. On-demand sale	3.722		
7. Sell in bulk	3.966		
8. Sending products to sundry shops	2.795		
Factor 2: New Norm Business -E-Commerce			
1. Marketing through E-Commerce	2.991	2.825	Moderate
2. Use the Internet for marketing products	2.444		
3. Internet marketing (online marketing)	2.344		
4. Orders through F.B., Instagram & WhatsApp	3.222		
5. Opening up the market through advertisement	3.912		
6. Access internet to market product	2.444		
7. Don't know how to use the Internet	2.344		
8. Delivery through Foodpanda & Grabfood	2.901		
Factor 3 : Improving Business Skills			
1. Increase knowledge of entrepreneurship	4.422	4.322	High
2. Must be creative in business	4.612		
3. Sharpen skills	4.734		
4. Frequently attending courses	4.322		
5. Attend cooking courses	3.567		

5.0 Discussion

All this while, SMEs entrepreneurs conducted their business face-to-face or through appointed agents. During the MCO enforcement, the SMEs entrepreneurs faced a drastic

drop in their source of income. Hence, the much-needed aid from the government, such as PRIHATIN Economic Stimulus Package, PRIHATIN Special Grant, Wage Subsidy Program (PSU), and Moratorium I-Sinar KWSP and recently was Perlindungan Ekonomi & Rakyat Malaysia (PERMAI). All assistance is to support business continuity and enhance existing business. However, to sustain or increase their business long-term, entrepreneurs must improve their business skills and carry out a new marketing norm. Business can be maintained and enhanced if entrepreneurs use various alternatives for marketing their products, such as online business, better known as e-commerce. One strategy is to conduct business from home and market their products online. Despite this, the authorities regularly extended their help to the affected entrepreneurs to ensure they were not left out of using digital technology to market their products. Digital usage in running a business has been utilised quite a while among some SME entrepreneurs to boost their income; however, this method has become a must and priority since the MCO's enforcement to overcome their business cash flow problem.

The entrepreneurs are resilient in handling the effect of this pandemic. Several government aids were handed out to ease the burden they were facing. However, the new business norm offered entrepreneurs a new opportunity to improve their skills and ability through strategies (Siti Masayu and Fatimah, 2020). Online business demands visualisation and pictures appealing to the customers visiting the entrepreneurs' websites. Using the hashtag in each advertisement can also expedite the search for a product sold via e-commerce.

Consequently, the online marketing strategy will innovate a product's marketing from packaging, distribution and promotion to increasing clientele in cyberspace. At once, that will increase the entrepreneurs' viability and offers them a higher chance of sustaining during the pandemic (Simon Larson and Simon Gustavsson, 2020). Therefore, the SME entrepreneurs' strategy to sustain during this pandemic demands resilience and innovation in running their businesses and surviving in the new business norm. What is of top priority is increasing more creative marketing to generate maximum profits in their business.

6.0 Conclusion

In conclusion, this research has looked into the new norm in the business carried out by SMEs' traditional food entrepreneurs during the pandemic. The new norm's impact can be observed when the SMEs' traditional food entrepreneurs were compelled to market their products online (e-commerce). The main challenge for entrepreneurs is in securing new customers for their businesses. It isn't easy to convince their customers with products that are marketed through cyberspace for the first time. At once, this method dampens the efforts of the SMEs' traditional food entrepreneurs who lack digital media skills to open up their market share in e-commerce. The new norm also contributed to the entrepreneurs relocating their businesses to areas within their homes during the MCO enforcement. Nevertheless, the entrepreneurs streamlined their strategies to shield their products

creatively and improve their entrepreneurship knowledge to be viable. Therefore, the strategy practised by SME entrepreneurs to stay in business throughout this pandemic needs to have resilience and innovation in their business to weather the new business norms.

The results provide an overview of SME entrepreneurs' willingness to comply with new norms to pursue their traditional food business. Even though the government provides various forms of assistance, the long-term strategy needs to start at the earliest possible time. SME entrepreneurs need more advanced knowledge relating to e-commerce to commercialise their products more effectively. The finding can be used as measurement factors for SME entrepreneurs to plan how to market their products efficiently through technology.

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Article Contribution to Related Field of Study

This study explores the readiness of SMEs' Entrepreneurs to enhance their products and marketing through e-commerce adoption.

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