



## **The Role of Digital Marketing Strategies on Marketing Performance of MSEs in Addis Ababa, Ethiopia**

This thesis proposal was submitted to the faculty of business at Addis Ababa University in part fulfilment of the criteria for the master's degree in marketing management.

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# The Role of Digital Marketing Strategies on Marketing Performance of MSEs in Addis Ababa, Ethiopia

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## Statement of Documentation

This is to verify that Solomon Assefa has carried out his research work on the topic entitled “The Role of Digital Marketing Strategies on the marketing performance of MSEs in Addis Ababa, Ethiopia” is his original work and is suitable for submission for the award of master’s degree in marketing management.

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## **Declaration**

I certify that I was the author of the thesis named "The Impact of Digital Marketing Strategies on the Marketing Performance of MSEs in Addis Ababa, Ethiopia." Any help I received for my research and for writing the thesis itself has been acknowledged. I also affirm that the thesis lists all the literature and information sources utilised.

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**Signature**

**Date**

## **ACKNOWLEDGMENT**

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**Solomon Assefa**

## **Abstract**

Investigating 300MSEs' marketing effectiveness and digital marketing tactics in Addis Ababa, Ethiopia, was the goal of this study. The purpose of this study was to determine how digital marketing strategies affected small and micro businesses' marketing results in Addis Ababa. A regression design was used in this study. The target population for the study consisted of 300 MSEs, so the researcher developed a set of questionnaires for data collection. Technique of random sampling was used. The MSEs who used digital marketing at technology providers were the only ones included in the study. Data was gathered by the researcher using the drop-and-pick method after giving questionnaires to the sampled MSEs. Regression analysis was used to gather and examine quantitative data to determine the significance of the correlation coefficient on the relationship between the variables. According to the study, MSEs' marketing performance was significantly impacted by their use of digital marketing strategies. The study concluded that SMEs' marketing effectiveness is positively impacted by the adoption of digital marketing strategies. The adoption of digital marketing techniques by SMEs, including online adverbialization, email, mobile, social media, and search engine optimization, was advised. The study made the case that additional research on the topic, focusing on different MSEs and corporate cadres, was necessary to compare the findings.

*Keywords: Digital marketing, marketing performance, sales growth and MSEs*

## Table of Contents

<b>ACKNOWLEDGMENT</b> .....	<b>iv</b>
<b>Abstract</b> .....	<b>v</b>
<b>Chapter One</b> .....	<b>1</b>
<b>1.Introduction</b> .....	<b>1</b>
<b>1.1 Background of the Study</b> .....	<b>1</b>
<b>1.2 Statement of the Problem</b> .....	<b>2</b>
<b>1.3 Research Issues</b> .....	<b>4</b>
<b>1.3.1 Overarching Research Question</b> .....	<b>4</b>
<b>1.3.2 Additional research questions</b> .....	<b>4</b>
<b>1.4 Research Objective</b> .....	<b>4</b>
<b>1.4.1 The study's overall goal</b> .....	<b>4</b>
<b>1.5 Research hypothesis</b> .....	<b>5</b>
H3 Social media marketing has a beneficial effect on MSE sales. ....	<b>5</b>
H4: Search engine optimization marketing is beneficial to MSE sales.....	<b>5</b>
<b>1.6 Definition of Terms</b> .....	<b>5</b>
1.6.1 Conceptual definition .....	<b>5</b>
<b>1.7 Significance of the study</b> .....	<b>6</b>
<b>2.4 Conceptual Framework (Jeconiah Omondi Olonde,2017)</b> .....	<b>17</b>
<b>3.2.2 Sample Size Determination</b> .....	<b>20</b>
<b>3.4 Data collection procedures</b> .....	<b>21</b>
<b>3.6 ValidityandReliability</b> .....	<b>21</b>
<b>4.2 Demographic Information</b> .....	<b>23</b>
<b>4.2.1 Gender of Respondents</b> .....	<b>23</b>
Table4.2Respondents' Age .....	<b>24</b>
<b>4.2.3 Academic Level of Respondents</b> .....	<b>25</b>

4.2.4	The experience of Respondents .....	26
	Table4.4 Respondents' Time of Service .....	26
4.2.5	Business Sector Experience .....	27
	Table4.5 SMEs' Sector of Business .....	27
4.6	Years in Business for MSEs .....	28
	Table4.7 Employees in Small and Micro-Sized Enterprises .....	28
<b>4.8</b>	<b>Descriptive Statistics .....</b>	<b>29</b>
4.8.1	Extent of Digital Marketing Usage .....	29
4.14.4	Search Engine Optimization (SEO) Descriptive Statistics and Marketing Performance MSEs. ....	37
	Table4.14. 4 Descriptive Statistics for Search Engine Optimization (SEO) Influence .....	38
<b>4.15</b>	<b>Inferential statics .....</b>	<b>41</b>
<b>4.15,1</b>	<b>Testing the Assumptions of Regression .....</b>	<b>41</b>
<b>4.15. 2</b>	<b>Testing Normality .....</b>	<b>42</b>
<b>4.15.4</b>	<b>Results of Regression Analysis .....</b>	<b>44</b>
	Table4.15.5 Regression Coefficients .....	45
4.17.2	The scope of the obstacles associated with digital marketing adoption. ...	49
	Table 4.17.2: Adoption of Digital Marketing Challenges .....	49
<b>CHAPITRE FIVE</b>	<b>.....</b>	<b>51</b>
<b>RECOMMENDATIONS, CONCLUSION, AND SUMMARY</b>	<b>.....</b>	<b>51</b>
<b>5.1</b>	<b>Summary of Findings .....</b>	<b>51</b>
<b>5.2</b>	<b>Conclusion .....</b>	<b>52</b>
<b>5.4</b>	<b>Suggestion for Further Research .....</b>	<b>54</b>
<b>Annex 1</b>	<b>.....</b>	<b>55</b>
	<b>SECTION: CHALLENGES OF DIGITAL MARKETING ADOPTION .....</b>	<b>57</b>
<b>REFERENCES</b>	<b>.....</b>	<b>58</b>

# Chapter One

## 1.Introduction

### 1.1 Background of the Study

As the result of dynamism of the business sector it has become convincing for Micro and Small Enterprises (MSEs) to contrivance businesses in a well-organized manner to increase their marketing recital (Minama, 2016). Ng'ang'a (2016) reports that marketing is a vital attempt in any business, more so in MSEs since it allows the company to focus on their customers, what they want and need and how to edify them that they have those products to qualify sales. The success or failure of a business is relied on whether its marketing activities reflect the needs of their patrons and the profits that they stand to accrue from the utilization of their products or services; it is therefore domineering that MSEs employ marketing strategies that are current and responsive to the ever-altering needs of their clients (Brenes, Mena & Mulina, 2007). Digital marketing has been hyped before as a fundamental strategy towards greater firm competitiveness and hence performance due to its availability, ease of use and ability to reach a large target audience fast.

By expending digital marketing strategies, companies are also able to save on their marketing expenses since digital marketing is meaningfully cheaper than out-dated marketing channels such as announcements, TV advertisements and Newspaper Advertisements; this makes it significant and helpful to MSEs since most of them are cash strapped and therefore cannot offer traditional marketing (Lee & Kim, 2009). Nonetheless, while digital marketing strategies are inexpensive and have a wider spread, companies face new challenges of creating online content and handling these sites and online communications with their clients; this requires them to gain new services and proficiencies so to take full benefit of digital marketing (Kithinji, 2014).

In Africa, Micro and Small enterprises covers about 90% of all the business entities and 50% jobs created due to them; they make significant contributions to the Gross Domestic Production (GDP) of their countries and are key chauffeurs of most economies (Lee, 2009).In Ethiopia MSEs are owned several business and create majority employments, they are regulated by newly established Ministry of Labour and Skill, and which have the total capital ( not include

production area) up to 1.5 million ETB. They are lent the highest employment growth rates (Geremewe, 2018), and they represent a large share of industrial production and exports (Abebe & Gebremariam, 2021; Fava, 2021; Taiwo et al., 2012). Next to agriculture the second largest sector of which create jobs in Ethiopia, MSEs as major part of the agricultural industry it has a great importance in this country. According to Fufa (2015), there were 974,676 micro- and 31,863 small businesses in Ethiopia representing 99.40% and 0.46% of industrial establishments, respectively. According to a national study performed by the Central Statistical Agency, more than 1.3 million people work in MSEs (CSA, 2007). However, many MSEs could not develop and continued in survival forms that could not provide work (Gebremeskel, 2018). Around 69% of 1000 MSEs were known as survival forms (Tefera et al., 2013).

MSEs are the pillars of many economies worldwide; however, they face numerous challenges such as insufficient startup capital, limited skill, and business. It is important for them to adopt innovative marketing techniques that will enable them to overcome these challenges and be on a virtually level playing field with their more recognised colleagues (Lee, 2009).

Past studies on the role of marketing on the performance of business enterprises focused on the 4Ps of marketing (Janet & Ngugi, 2014), ignoring the forms of marketing adopted by such enterprises. Other studies (Njau&Karugu, 2014; Njau&Njuga, 2015) focused on single industry or variables thus touching the generalizability of the findings of such studies to other such MSEs. Further, there has been limited research midst the Ethiopia MSEs and more specifically within larger industry context that has managed to address, Factor affecting digital marketing practices evidence (Dagem Alemayehu, 2020) and the role of digital marketing on the performance of manufacturing industries (Netsanet Tadesse, 2021) . This study aimed to fill this missing knowledge gap by examining the role of digital marketing on performance of MSEs in Addis Ababa.

## **1.2 Statement of the Problem**

The increased use of digital marketing strategies such as email, mobile, social media, Search engine Optimization (SEO), and online advertisements can be attributed to increased internet penetration, low-cost internet-enabled phones, and the

integration of ICT into most daily activities (Wang & Chang, 2013). According to Kithinji (2014), digital marketing is comparatively cheaper, and its benefits are simpler to quantify because data on views, clicks, and hours spent on websites is widely available, making efficacy more measurable. According to Achieng' (2016), the use of digital marketing tactics by Kenyan SMEs is modest, at around 30%, with problems such as a lack of funds to put up websites, a lack of technical know-how to manage these strategies, and a lack of understanding on digital content generation.

MSEs have various problems, including a lack of cash and severe competition from larger enterprises, which prevent them from being successful, growing, and remaining in business (McIntire, 2012). While enhanced marketing operations may be able to assist them in overcoming these obstacles, these activities are costly and need specialized skills that many SMEs lack. This inability to sell their goods and services has had a wide range of negative consequences for SMEs, particularly in terms of sales volume, customer service, market recognition, branding, and product and service promotion. These repercussions can also be felt on a macro level by the workers who work in these organizations and the economy in which they operate as a result of job losses and tax increases.

Danhil et al. (2014) discovered that the use of social media marketing by SMEs in Thailand had a positive impact on the marketing performance of the SMEs through higher sales and enhanced brand image. Date link and Bick (2013) investigated the influence of social media marketing on the marketing strategies of South African SMEs; the study discovered that social media had a significant impact on their marketing strategies and constituted most of their marketing efforts. Lee (2009) investigated the influence of digital marketing on the Latvian baking sector and discovered that it boosted their market share and enhanced consumer uptake of their internet banking solutions.

Digital marketing has been viewed as an alternate method for MSMEs to reach out to the market and raise knowledge about their goods and services. However, to apply it, MSEs must be familiar with digital procedures.

Digital Marketing Service is one of the supports which responding to the critical marketing

needs of MSEs by giving platform that increased access to potential customers/buyers, increased visibility, with better payment and delivery system. The Digital Market Service modernizes the ordinary market system available for microenterprises to a digital marketing approach where most of the MSEs product selling processes, like displaying, advertising, price negotiations, item ordering and paying are made digitally.

In the Ethiopian framework\_ the internet users were registered within 10 years' time. Increased from 10,000 to 20,507,255 which show a significant growth of 204.97%.

This study focused on the impact of digital marketing tactics on the performance of micro and small businesses in Addis Ababa, Ethiopia. This study anticipates why MSEs do not universally use the internet market and how they enhance their sales and profitability through digital marketing.

### **1.3 Research Issues**

#### **1.3.1 Overarching Research Question**

Did the study uncover the effect that digital marketing had on small and microbusiness sales in Addis Ababa, Ethiopia?

#### **1.3.2 Additional research questions**

To pinpoint the challenges that micro and small businesses in Addis Ababa, Ethiopia, face in implementing digital marketing?

To comprehend the main issue affecting the market selling volume of MSEs' products?

What methods of promotion used in Addis Ababa to advertise MSEs' goods?

To pinpoint the current most effective small- and large-scale business social media marketing strategies?

### **1.4 Research Objective**

#### **1.4.1 The study's overall goal**

The study's goal was found out the role of digital marketing tactics on the performance of MSEs in Addis Ababa, Ethiopia.

### **1.4.2 The study's specific goal**

- Identify the barriers to MSEs using digital marketing in Addis Ababa, Ethiopia.
- Identify the role of digital marketing on promotion of MSEs in Addis Ababa, Ethiopia.
- investigate the role of digital marketing on customer base of MSEs in Addis Ababa, Ethiopia.
- find out which social media is effective for MSEs product and services sales?

### **1.5 Research hypothesis**

H1: Email marketing has a beneficial effect on MSE sales.

H2: Mobile marketing has a beneficial effect on MSE sales.

H3 Social media marketing has a beneficial effect on MSE sales.

H4: Search engine optimization marketing is beneficial to MSE sales.

H5 Online marketing has a beneficial effect on MSE sales.

### **1.6 Definition of Terms**

#### **1.6.1 Conceptual definition**

- Digital marketing is any type of marketing that uses electronic methods and may be utilized by marketing professionals to transmit promotional content and assess its impact throughout the consumer journey.
- Marketing performance is defined as the alignment of the marketing team's declared goals and objectives with actual outcomes. Return on investment, cost per sale, cost per lead, conversion rate, and customer lifetime value are some of the metrics and key performance indicators (KPIs) used to measure it.
- According to the MoUDH (edit April 2016), microenterprises are those that employ up to five people, including the enterprise holder and family members, and have total assets of no more than ETB 100,000 in the industrial sector (including manufacturing, construction, and mining) and no more than ETB 50,000.00 in the service sector (including retail trade, transportation, hotel, tourism, and information technology and maintenance services). Small businesses employ 6-30 people and have a total asset of ETB 100,001 up to ETB 1,500,000.00 in the industrial sector and at least ETB 50,001.00 up to ETB 500,000.00 in the service sector.

### 1.6.2 Operational definition

- **Social Media** - It is a platform built by processors that allows data to be communicated by building online networks and communities.
- **Mobile Advertising** - This is a type of advertising that uses and distributes information and promotional materials via wireless mobile devices such as mobile phones and laptops.
- **Search Engine Optimization (SEO)** is the process of optimizing your website so that it appears naturally or organically in Google, Yahoo, Bing, or any other search engine.
- **Search Engine Marketing (SEM)** is an all-encompassing approach for driving visitors to your website, typically through sponsored efforts. As a result, it is also known as Paid Search Marketing. SEM is a vast and intricate universe. You may pick the PPC (pay-per-click) model based on the structure of your firm.
- **Online advertising** is a type of marketing and advertising that makes use of the Internet to convey promotional marketing messages to customers.

### 1.7 Significance of the study

Digital marketing is essential to make difference in business and easily to access the customers in every location from one point of contact. Buyers use different device to access the digital market like mobile, tablet and computers through media of internet. Business organizations are developing their own system to use the digital market as the place of market for sale their product and to buy the inputs of the production. In addition to this to promote their business as whole.

The study contributed to the understanding and practices of micro and small businesses about the use of digital markets for sales and promotion. By building a modern level of digital marketing techniques and variables influencing the function of the digital market, they will be able to discover strategic action and create a strategic path forward. It also offered scholars with the opportunity to have a grasp of the degree of practices that existed to advance the field of digital marketing advancement in MSEs in Ethiopia. It can encourage the expansion of various

levels of training and educational resources to address the gap in digital marketing techniques among the industry's main players.

### **1.8 Scope of the Study**

The scope of this study includes micro and small businesses that employ digital marketing as well as digital market service providers in Addis Ababa, Ethiopia. The study concentrated on MSEs' marketing tools, their level of adaption to the new digital marketing landscape, and the types of digital marketing methods they employ efficiently.

### **1.9 Limitations of the Study**

Some of the difficulties experienced by the researcher when producing this thesis and throughout the course of this study include: a lack of suitable sample empirical studies shown locally, and a lack of time as a part-time student. To compensate for the time restrictions, the researcher supplemented his evaluation with current worldwide and regional studies and worked late at night.

### **1.10 Organization of the Paper**

This investigation is broken into five chapters. The first chapter offers an introduction to the study, including its history, issue statement, and aim, as well as research questions, importance, scope, and constraints. The second chapter is devoted to a literature review. In chapter three, we briefly addressed methodologies, research strategy, research type, sampling design, sampling frame, sampling technique, collection methodology, the instrument, and data analysis procedures. Finally, towards the end of the chapter, the key questions of how the researcher handled the concerns of reliability and validity, as well as the core of all Research Ethics, will be addressed. The first four chapters deal with the results and discussions, while the last chapter offers the conclusion and recommendations.

# CHAPTER TWO

## LITERATURE REVIEW

In the past years people thought micro and small enterprises sector had not consider as the economic sector and even subjected as the resource that used on this sector considered as a loss of scares recourses. With the development of technology the though was changed that MSEs had role in the economic actives of the society especially they provide product and service that used to for dailyuse of life,In addition to this they also supply input for the larger industries thisfact significantly shift the role of sector and its contribution to the bigger economy with the development of information technology which lead the production from centralization to decentralizationMSEsbecomeskey development agent to industrialization and employment creation.

This opportunity causes the economy to vibrate and the economy to shift from agriculture to industry. MSE also integrates the supply chain and agricultural production, which has a larger and more significant economic sector. As a result, most industrialized nations are increasingly paying attention to the MSE sector and making it easier to start a firm.

### A) MSEs in World

Micro, small, and medium-sized companies (MSMEs) play critical roles in a country's economic well-being. They generate diverse sources of national revenue, boost a country's competitiveness, and support economic development, resulting in economic flexibility and resilience. Furthermore, MSMEs play an important role in improving social sectors by stimulating large-scale employment, developing indigenous skills and technology, promoting entrepreneurship and innovation, and establishing an industrial base at various scales (Kormawa, Wohlmuth, & Devlin, 2011; Dzisi & Ofosu, 2014; Anyanga & Nyamita, 2016; KNBS, 2016; Miles, Lehman, & Fillis, 2017).

Globally, their catalytic functions as the largest contributors to GDP have been established in several nations. Small and medium-sized companies (SMEs) account for 60% of GDP in nations such as Japan and China. In the United States, that figure rises to 65%. SMEs account for 52% of GDP in the UAE. In nations with a lower per capita income, SMEs have a 78% influence on employment, but in countries with a greater income, the number drops to 59% (The Steering Group, 2011).

## **B) MSEs in Africa**

MSEs are projected to account for more than 90% of African company activities and provide more than 50% of African employment and GDP (Chodokufa, 2009). In Ghana, for example, the sector accounts for over 70% of industrial employment and more than 50% of GDP (Dzisi&Ofusu, 2014). Small and medium-sized businesses are well recognized in Nigeria for their importance and performance contributions as job creators. In 2002, 98% of all manufacturing enterprises were SMEs, accounting for 76% of the workforce and 48% of total industrial production in terms of value added (Eniola&Entebang, 2015). SMEs are expected to account for 56% of private sector employment and 36% of GDP in South Africa (Neneh& Zyl, 2012)..Therefore, Africa need to focus on MSEs development in one hand the sector able to create jobs for young generation on other hand it transformer Agricultural lead economy to industrial lead economy (Botswana, Kenya, Malawi, Swaziland, and Zimbabwe)(Mead &Liedholm, 1998)statedthatMSEs employed double higher than the larger industry.

## **C) MSES IN ETHIOPIA**

Ethiopia is one of underdeveloped country in Africa. The economic base of Ethiopia is substance Agriculture. Most the rural people based their life on the production of Agriculture even though it is not enough to our food security. Agriculture also vast are to engage many people to job. Next to agriculture MSES in both rural and urban scenario create massive job for youth, women and other who want to join the sector. Historical MSEs exist thousand years ago as different agrolological study impels, formally organized by the proclamation since 1996. During the establishment of federal micro and small trad development agency. Since then, a lot of strategy and different modality produced to make the sector competitive and modern. The MSEs sector important for women in urban and for poverty reduction in both rural and urban area. (Rahel &Issac, 2010

According to CSA and the SAM documentation of EDRI (2009) MSEs cover the total of 31.8% value addition of non-agricultural in Ethiopia. Besides, they cover 18.5% of the employment, and 13.3% of the total investment in the country. This result signified that the MSEs sector in Ethiopia has more labour intensive and create wide opportunities for young people the

government report of 2013 indicated that 44% of the women jobs create by this sector and 40% the enterprises led by women.

## **2.2 Theoretical Examination**

### **2.2.1 TAM (Technology Acceptance Model)**

The main aim of technological acceptance model is to learn the technology and understand how to be employed to the development of the society. Every time by the advancement of technology a lot of new theory is discovered in the world by the intellectuals. thus, technology should have value, if we have capable to communicate the technology to properly and easily to users.

David develops the relationship of the technological accepted model between the external factor and the system itself. The model merge from the hypothesis of actual practice and the psychological though of human behaviours. (Davis, 1989; Davis, 1993). The nest stage of the TAM is to notify and define different variables and validity measurement which is relevant to the system use.

David developed, pre-tested, and validated in his studies a wide range of measurement for perceived ease of use and perceived usefulness, which is critical to the TAM (e.g. (Johnson & Payne, 1985; Payne, 1982; Robey, 1979) by reviewing the earlier literature about human characteristics related to information processing systems. According to the study, people who desire to modify their behaviour do so as a consequence of their critical thinking to adopt new behaviour. Johnson and Payne (1985); Payne (1982). Thus, usage of an information system may be interpreted as a gauge of the system's perceived utility and difficulty in use (Davis, 1989).

Perceived usefulness is the person's knowledge scope in which he implements technology to better his company activities. Davis (1989) defined perceived ease of use as the degree to which a person feels that utilizing a given system requires no effort. This construct evolved from the self-efficacy idea, which refers to a condition-specific acceptance of how effectively someone can do activities for a future task (Davis, 1989; Bandura, 1982). It was proposed that self-efficacy had a predictive role in technological decision-making (Hill, Smith, & Mann,

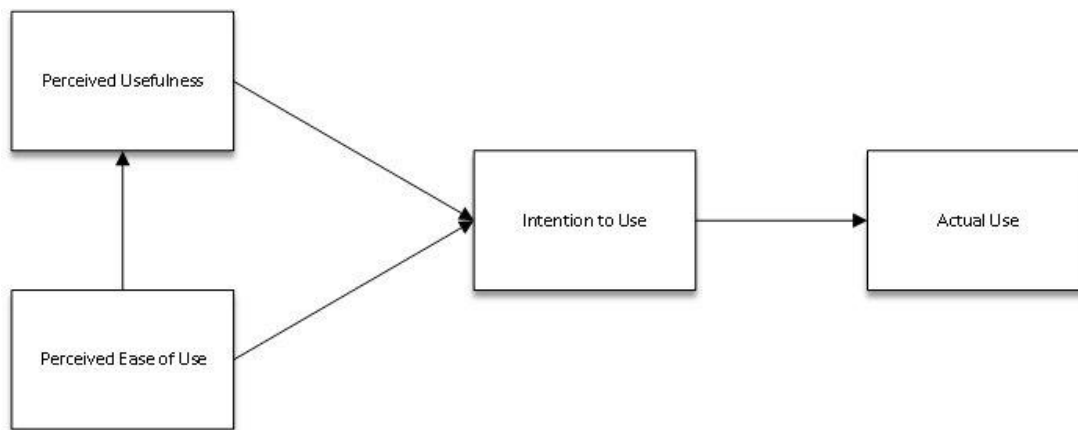
1987).

The model was verified further by significant positive relationships between perceived utility, perceived ease of use, intent, and use behaviour (Davis, 1989). TAM defines technology acceptance as a three-stage process in which external factors (system design features) elicit cognitive responses (perceived ease of use and perceived usefulness), which form an effective response (attitude toward using technology/intention), influencing use behaviour (Davis, 1989; Davis, 1993). TAM defines behaviour as the outcome predicted by perceived ease of use, perceived usefulness, and behavioural intention (Figure 1).

Although perceived ease of use has no direct effect on use behaviour, it reinforces the outcome of perceived usefulness (Davis, 1993). According to the model, if a contribution is expected to be simple to use, it is more probable that it will be well-thought-out helpful for the user and will stimulate adoption of the technology (Davis, 1989; Davis, 1993). The model and metrics for technology acceptability have made major theoretical contributions and have a high practical utility.

The adoption of the model for assessing IS serviceability has made it possible to analyse user motivation to adopt a range of technologies (Hwang, 2005; Gefen, Karahanna, & Straub, 2003; Arajo&Casais, 2020), which had previously been impossible owing to a lack of validated subjective measurements. The advancement of constructs that had a strong and substantial link with use behaviour made it feasible to identify the cognitive and emotional components that mediated the influence of system features on technology adoption (Davis, 1989).

Figure 2.1: Technology Acceptance Model Davis, 1993).



Application TAM important for Marketing and Advertising due to the change of behaviour result to accept the new technology for the use of business development. Such kind of

behaviour now a day help to develop different digital application for the consumption of human being. One of the latest technologies that serve the society is internet which connect the people of different location language and culture, People easily comprehend technology and apply it in daily life, which opens the door to everyone from one point of junction.

TAM is appropriate for vendors to analyse the viability of demand for new information technology items or to stock shops (Davis, 1989). TAM may be used by experts to facilitate technological acceptance. They may offer consumer-oriented IT goods by knowing the stage at which technology is useful and easy to use by clients (Davis, 1989). Furthermore, knowing the antecedents of perceived utility and ease of use offered by TAM2 and TAM3 may aid in making brand savvy judgments on technology deployment methods in enterprises. The models be able to be applied to lead the development of pre-operation (actions leading to the actual roll-out of a system) and post-operation involvements (actions following the actual deployment of the system) to address acceptance rates (Venkatesh & Davis, 2000; Venkatesh & Bala, 2008).

### **2.2.2 INNOVATION DIFFUSION THEORY (IDT)**

Rogers (1995) created the Innovation Diffusion Theory, which had previously existed but had been well-articulated and prepared for use. Roger investigated and defined how, why, and at what pace existing innovation spreads in a social system (Rogers, 1962). According to this view, what should change is the invention itself, not the people; rather, the innovation should be convenient and helpful to the people who wish to utilize it. Les Robinson (Les Robinson, 2009).

Diffusion is the process of transmitting information from one location to another through a certain route or technique (Rogers, 2003). The full Innovation hypothesis Diffusion may be divided into four major foundations. (2006) (Ismail Sahin) Innovations An individual or other unit of acceptability claims an idea, activity, or thing to be innovative (Rogers, 1983). It includes all sets of commodities and services that are new or old but have a new use for the user when they use it, or when a user believes it to be new in terms of use. System of

communication. The communication system is a network that allows users to share information with one another. It is a method to Information is sent back and forth between users.

The current communication infrastructure has accelerated the spread of innovations. Rogers divided communication systems into two categories: mass media and interpersonal channels. While mass media can spread knowledge more quickly, Rogers argues that human networks are more important for the diffusion of new inventions or technologies. Alternatively, "diffusion is a very communal procedure that comprises interpersonal communication relationships" (Rogers, 2003).

A community system must recognize an invention before it may be used. If a group of individuals is unable to differentiate an invention, it is assumed to be one. Only when a community system acknowledges it as an invention and then communicates information about it inside the system and with other systems does it receive dissemination. Rogers (2003) classified people in the civilisation into many groups based on their innovativeness while analysing social systems.

According to generation theory, a person's perception of the world is influenced by the time period in which they were born. It also represents how our value systems are formed during the formative years of our lives by our families, friends, communities, key events, and the overall era in which we are born (Jurkiewicz & Brown, 1998).

Generational marketing theory, developed by Strauss and Howe in 1991, states that consumers born within the same era, generally a 20-year span, have similar attitudes and behaviours owing to common experiences that moulded their youth and shaped their world views. Digital data that may be defined using digital medium. Generational theory is important to digital marketing since it focuses on how each generation communicates and where marketers can readily approach them online.

This theory is relevant to the research because it supports MSEs in identifying client generations and homogeneous groups and developing appropriate marketing material for them through the use of digital media. Different Types of Digital Marketing Digital technology may replicate nearly all characteristics of conventional media channels and marketing communications while also covering the marketing mix. Digital promotions, on the other hand,

are more specialized and are part of the marketing communication mix. Digital marketing entails the use of digital media in the execution of marketing operations.

Email marketing, mobile marketing, search engine optimization (SEO), social media, pay-per-click (PPC), online advertising, and viral marketing are all examples of digital marketing. Email marketing is one of the oldest digital marketing tactics, and it entails sending customised or targeted communications to certain people at the right moment. Businesses will send emails that match the needs of their customers. The use of a wireless medium to give customers with time and location-specific, personalized information that promotes products, services, and ideas is characterized as mobile marketing (Scharl, Dickinger, & Murphy, 2005).

Search engine optimization (SEO) is the process of creating the contents of a website to match what the business prospects are looking for and presenting it in a way that both people and search engines can readily access. Organic or natural search results (the results in the center of the search engine results page) are the place to be if you want to enhance market demand or targeted traffic to your website (Ryan & Jones, 2009). When adverts are posted on search engine results pages, advertisements embedded in e-mails, and other methods in which advertisers use the internet, this is referred to as online advertising.

Affiliate marketing is a type of online advertising in which a digital user or website promotes an online retailer and gets a fee based on the number of sales or leads produced for that online shop (IAB Australia, 2016). In this situation, the third party makes money each time a potential consumer clicks on the link supplied by the advertiser's website.

Viral marketing is a hybrid of numerous parts of digital marketing that entails disseminating message material across multiple media. It might incorporate YouTube videos, email marketing, blogs, and other traditional components, all with the goal of capturing market interest and automatically spreading to other online groups. Digital Marketing and Sales  
Several research and literature have shown a link between digital marketing and sales.

Digital marketing can reach out to new customers and give targeted information to them, increasing awareness and sales (Jain, 2014; Jagongo & Kinyua, 2016). Small businesses may be able to use digital media such as social media and e-mails to create product awareness, whereas medium enterprises may have some revenue to use digital tools such as pay-per-click (PPC),

search engine optimization (SEO), online advertising, and viral marketing.

Efficiency of Digital Marketing Dimension More than ever before, there is a growing reputation for measuring digital marketing performance as accurately as possible in a changing business scenario. Digital marketing technologies make it possible for business owners to share success through a variety of matrices (Gregorio, 2016). Analytics, which is embedded into most digital marketing products, is one way used to assess digital marketing efficiency.

According to a white paper given by Fernandez and Bharathi (2015), huge data analytics visions enable a corporation accurately to drive future decisions by establishing the perfect message to the clients at the correct moment, and for the appropriate price. As a result of the rapid advancement of perception-driven marketing, big data analytics and digital marketing are becoming inextricably linked. Data accessibility and considerations complete digital platforms, providing marketers with several opportunities to draw conclusions from these data and make sound judgments (Jain, 2014).

MSEs would continuously learn how to advance their campaigns and therefore perceive the association of the target audience with the numerous contact points and messages distributed if they were able to rate the recital of each campaign. The digital world has made it much easier for vendors to understand where online visitors come from, which pages they were viewing, how much time they spent on the website, the sources that are transferring quality traffic, and, most importantly, whether the website visits turn into primes or adaptations.

## **2.3 Empirical Analysis**

**The empirical review summarizes prior investigations conducted by researchers.**

Srinivasan, Bajaj, and Bhanot (2016) investigated social media marketing and its impact on the MSE market. It demonstrates the client and business link of marketing. The sample size was 50 MSEs, and the results revealed that social media marketing had a beneficial influence on business sales.

Yasmin, Tasneem, and Fatema (2015) were also additional researchers who conducted research on the digital market and corporate sales; this research had a large enough data set to demonstrate the influence of the digital market on the sales companies. The results suggest that utilising the digital market has a beneficial influence on company sales. It also showed that all digital marketing aspects, such as search engine optimization, email marketing, social media,

and online advertising, have a favourable impact on the company's sales.

Njau and Karugu (2014) conducted this study to better understand how e-marketing affects the performance of SMEs in Kenya's manufacturing industry. The study encompasses all forms of digital marketing (email, web, search engine, and blog) that are often employed by MSEs. According to the study's findings, all types of digital marketing have a beneficial impact on the performance of MSEs. The advice to stakeholders would also include adequate awareness training on digital literacy for firms interested in using digital marketing.

In Nairobi, Kenya, Jagongo and Kinyua (2013) demonstrate the impact of social media on the expansion of MSEs. The descriptive study approach was utilized, and the sample size was 246 using random sampling procedures. The results showed that social media creates seamless marketing relationships with consumers and has a positive influence on the growth of MSEs. Furthermore, it demonstrates that social media is a low-cost and quick medium that is significant to MSEs. Finally, we advise policymakers to pick the optimal digital marketing approaches for MSEs.

Erdogmus and Içek (2012) conducted research on the impact of social media marketing on brand loyalty. The sample size was 338, and the instruments used were structured questionnaires that were anglicized using the multiple regression approach. The results demonstrated that social media had a favourable influence on consumer brand loyalty.

Jain (2014) conducted study on the influence of social media marketing on SME enterprises in India. According to this study, social media increases sales, new customers, brand awareness, and productivity.

Kithinji (2014) conducted study on the influence of internet marketing on MSE performance in Nairobi County. The descriptive approach was utilized in the study, with a sample size of 90MSEs. The results demonstrate that MSEs that utilized the internet for business lost consumers because their customers did not use the internet.

The variables have the following relationship: Variable that is unrelated Variable that is dependent the independent and dependent variables that were employed are highlighted in the conceptual framework. The study looked at how digital marketing adoption, as an independent variable, influences sales, as a dependent variable. The study examined both the volume and value of sales by SMEs because of digital marketing adoption. As the independent variable, the amount of digital marketing adoption was assessed using an ordinal scale, with SMEs

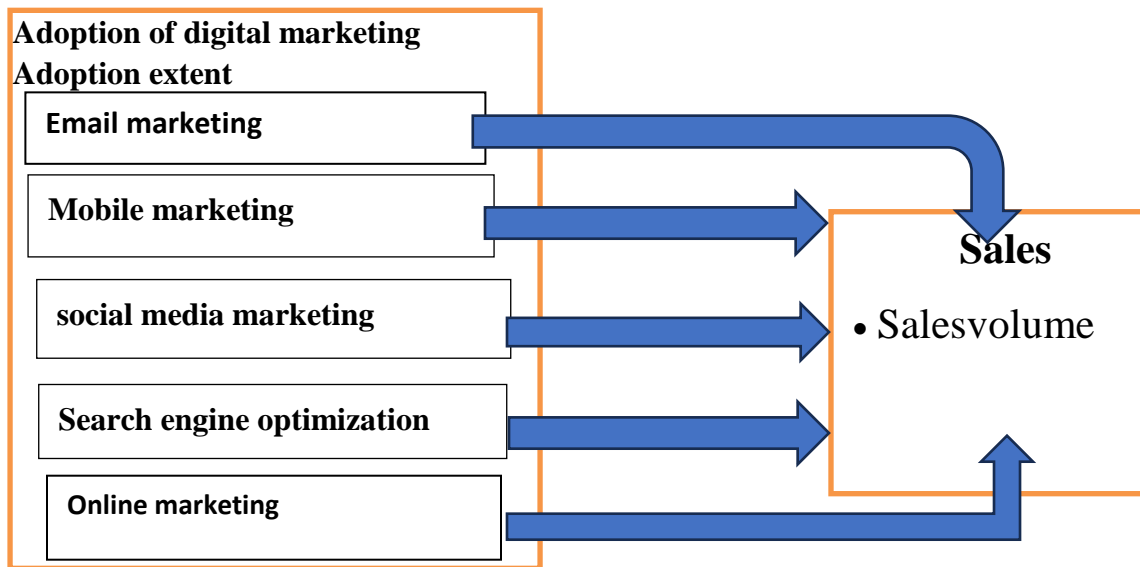
indicating the extent to which they had implemented various sorts of digital marketing strategies.

## 2.4 Conceptual Framework (Jeconiah Omondi Olonde,2017)

The hypothetical sketch differentiates the relationship between the authorized variables in the research and in practice. The variables are related as follows.

Independent variable

Dependent variable



The theoretical foundation emphasizes the independent and dependent variables that were employed above. The study seeks to demonstrate the correlation and relationship of independent variables with the dependent variable sales during the digital marketing process.

This research framework is made up of three interactions between digital marketing variables (social media marketing, mobile marketing, and SEO marketing) and a dependent variable (sales). This study sought to test three hypotheses on the link between predictors and response variables. The theories of research

## **CHAPTER THREE**

### **3.1 INTRODUCTION TO RESEARCH METHODOLOGY**

This section describes the approach utilized to conduct the research. The section began by illustrating the general study design and strategy employed, and then it described sampling methods, which included the target population and sample size. Following this, data sources and data collecting protocols were supplied, followed by data analysis and presentation, as well as diagnostic tests, in the section Data Analysis, Validity, Reliability, and Ethical Consideration.

### **3.2 Methodology and design of research**

The research was meant to use a combination of exploratory and descriptive techniques. Exploratory research aids in the discovery of novel relationships that have not yet been explored by previous researchers. Because the digital marketing industry is a new topic, particularly in our nation, evidence must be gathered for future study, which is why the exploratory research approach was chosen. (Boru, 2018). Using a combination of methodologies to achieve the best results will close the gap in the research output.

Because digital marketing is understudied, it requires further research. Exploration of the subject matter to create a springboard for future research, in addition to exploratory research descriptive design, was used to prepare a presentation of all sample data MSES to provide a complete picture of the research on the digital marketing users MSEs in Addis Ababa, as well as to investigate the evolving changes in the role of digital marketing on the performance of micro and small enterprises in Addis Ababa.

Expect to explore qualities that will not be specified sufficiently during direct examination using descriptive research, which can include both quantitative and qualitative research methodologies.

The study data is collected via questionnaires and reviewed using tools such as graphs or statistics, which aid in interpreting the findings in terms of numbers. 2009 (Saunders, Lewis, & Thornhill). After the data has been collected, it will be evaluated mathematically to see the

characteristics of the data result to investigate the role of digital marketing on the performance of micro and small enterprises in Addis Ababa was obtained from the tools of this research and will be statistically examined using quantitative approaches such as percentages and mean values. Furthermore, the study includes qualitative data gathered through interviews with business owners and ecommerce technology suppliers in Addis Ababa.

### **3.2 Design of Sampling**

#### **3.2.1 Sample and Target Population**

According to data from the Addis Ababa City Government's Bureau of Job Creation and Enterprise Development (BoJCED), the city of Addis Ababa has around 35,000 registered micro and small firms. However, MSEs' development and success have been hampered by a number of problems, including a shortage of operational space, access to solid markets for their products, and insufficient business skills.

One of the strategic intervention areas highlighted to alleviate operational space restrictions is improving market access and connectivity. Digital markets provide MSEs with market access and visibility and are sometimes the sole market outlet for certain MSEs that do not have retail space. However, present digital marketing platforms do not appropriately and efficiently support MSEs. As a result, the researcher employed the Purposive sampling approach to find the representatives based on their expertise with digital marketing (Prance 2004, Vargas & van Andel 2005, Li et al. 2006). In Addis Ababa, firms using the digital market are relatively limited for a variety of reasons, including the selection of 1200 MSEs as the target population, who engaged in formal and paid benefit of those enterprises to conclude on the target population.

The sampling approach is used to represent the entire target population, revealing details about the businesses of behaviors during the study (Mugenda and Mugenda, 2008). The researcher collects data from MSEs using a random sample approach. According to Israel (2013), a sample size is determined by the amount of accuracy, the level of certainty, and the degree of inconsistency. According to Cochran (1963), for large populations, the following formula can be used to calculate sample size:

$$n = \frac{N}{1+(e)^2}$$

Where n is the sample size, N represents the population size, and e represents the level of

accuracy. The study employed an accuracy level of 5%, hence the calculated sample size is 300 MSEs, which were chosen at random to get the essential information for the study.

The entire population of Micro and Small Enterprises (MSEs) that use the digital market via approved platform providers is projected to be around 1200 MSEs. As a result, the researcher use the aforementioned algorithm to target the sample. The sample will consist of 300 MSEs from Addis Ababa.

$$n = \frac{1200}{1 + 1200(.05)^2} = 300$$

$$\frac{1200}{1 + 1200(.05)^2}$$

### 3.2.2 Sample Size Determination

When the research considers sample size, it should be representative of the number of populations to give judgment based on the sample; thus, the number must be optimum due to cost constraints, degree of confidence with which to conclude, and degree of exactness required for generalization.

To reduce the bias of purposive sampling, the researcher employs random sampling from the target population in this study (Lopez et al. 1997, Seidler 1974, Smith 1983, Zelditch 1962). However, data gathered by purposeful sampling may still be required for specific investigations. Purposive sampling limits the interpretation of outcomes to the population under investigation. To be valid over a larger domain or to serve as the foundation for a theory, the study may be repeated for validation in a varied population while still employing a non-probability approach (Bernard 2002). It is critical to disclose the bias explicitly when the results are analyzed and comprehended so that people are not misled into making broad assumptions (Bernard 2002, Godambe 1982, Snedecor 1939). Despite its inherent bias, the goal-directed technique of selecting respondents can provide trustworthy and solid data.

### 3.3 Data sources and formats

The data sources include primary and secondary data sources, with primary data acquired using structured surveys and secondary data gathered by referring to and editing literature linked to

digital marketing and marketing performance.

### **3.4 Data collection procedures**

Primary data is obtained using a tool to arrange information from respondents using different types of scales (Likert) in order to see the degree of resemblances and level extent of the many variables that will be examined. The questionnaire is divided into four sections: Section A, which includes the respondents' demographic information, Section B, which examines the role of digital marketing strategies (Social media, SEO, Websites/blogs, and display advertisements), Section C, which examines the role of digital marketing strategies on marketing performance (Brand recognition, volume of sales, market share, and customer engagement and loyalty), and Section D, which examines the challenge of diversion. The drop and pick approach is used to conduct these questions.

### **3.5 Data Interpretation**

The analysis will be conducted using the SPSS 20 version, which allows for the application of descriptive statistics models to obtain precise percentages and means. The demographic data of the respondents, including their overall insight into digital marketing practices and independent variables, will be established, launched, and clarified. Regression analysis was utilized to determine the extent to which the independent variable influences the dependent variable, digital marketing strategies.

Concerning the assessment of the questionnaire's provide point Likert scale items, all of the responses were categorized and categorized using suitable code frames, adhering to a similar pattern. A cross examination involving two or more variables will be utilized to identify a link between questions (Ibid, 2004). This study aids in classifying parts and demonstrating how individuals govern features of various issues when deciding to do digital marketing Ibid, 2004 p.176. The obtained data will be coded, categorized, classified, and displayed in percentage, graph, and table forms using the aforesaid data collecting and distribution procedure. The researcher used SPSS software version 20 to evaluate the collected data.

### **3.6 Validity and Reliability**

To validate the research topic, it should be reviewed by a number of specialists with relevant expertise and knowledge of research methods. To do this, the researcher distributed research questions to experts in digital marketing and marketing management. Furthermore, certain

digital marketing service companies in Addis Ababa provide comments to ensure clarity. Finally, the study's research adviser assessed the validity of the questionnaire. Thus, expert opinion and the research advisor's approval of the questionnaire's validity were employed to assure the study's validity.

Applying reliability test results should be in the interval of coefficient varies from 0 to 1, and a value of 0.7 or below generally indicates an inadequate degree of internal consistency (Sekeran, 2003). Therefore, 0.74 is obtained.

### **3.7 Ethical Consideration**

The study presents the results of data obtained from both primary and secondary sources, with no irrelevant or faked data included. The respondent responses reflect the actual trend of digital marketing thought from the perspective of organizations. The researcher began the permissions of the respondents by: Confirming the interest of all respondents in the obtained data being used just for academic study determination and kept private.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS, ANALYSIS, AND PRESENTATION**

#### **4.1 Introduction**

This item indicated that the study's findings were the product of investigation, analysis, and presentation. It provides interpretation of the gathered data set by using various statistical tools to explain the study outcomes. The researcher used descriptive and inferential examination techniques to investigate the acquired data. The displayed outcome is based on an evaluation of the objectives and instruments used. The research part's background includes the response rate and demographic information of the study respondents.

The researcher's aim was to collect data from a sample of 300 MSEs who appeared in K MG's from a total target demographic of 1200 MSEs listed as digital market users. However, not all respondents returned the questionnaire to the researcher; only 275 MSEs out of the 300 MSEs completed the questionnaire and returned it in accordance with the study's requirements. As a result, 300 MSEs did not answer to the surveys, resulting in a 9% non-response rate. Following that, the research had a 91% success rate.

#### **4.2 Demographic Information**

This section displays the overall demographic characteristics of the respondents; it includes various indicators that aid in understanding the respondent's property, such as gender, age, academic level, work experience, sector, number of years in business, number of employees, and annual turnover. Data was presented in figures to provide a clear picture of the landscapes under consideration.

##### **4.2.1 Gender of Respondents**

According to the study, 63.3% of respondents were male, while 37.7% were female. According to the findings, there were more male employees than female employees in 300 SMEs. Table 4.1 summarizes the findings.

**Table 4.1 Gender of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	174	63.3	63.3	63.3
Female	101	36.7	36.7	100.0
Total	275	100.0	100.0	

**Source: KPMG(2023)**

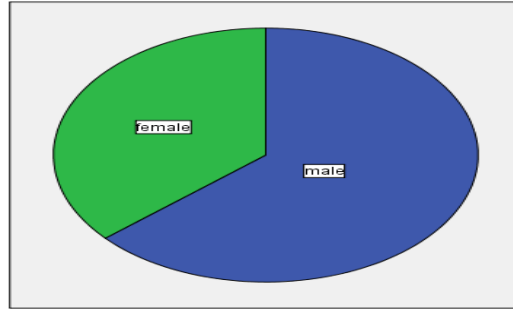
#### 4.2.2 Respondents' Age

According to the findings of the study, 63.3% of respondents were between the ages of 16 and 34, 20.7% were between the ages of 35 and 45, and 16% were between the ages of 46 and 55. According to the findings, many employees at 300 MSEs were between the ages of 20 and 34. Table 4.2 summarizes these discoveries.

**Table 4.2 Respondents' Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-34	174	63.3	63.3	63.3
35-45	57	20.7	20.7	84.0
46-55	44	16.0	16.0	100.0
Total	275	100.0	100.0	

**Source: KPMG(2023)**



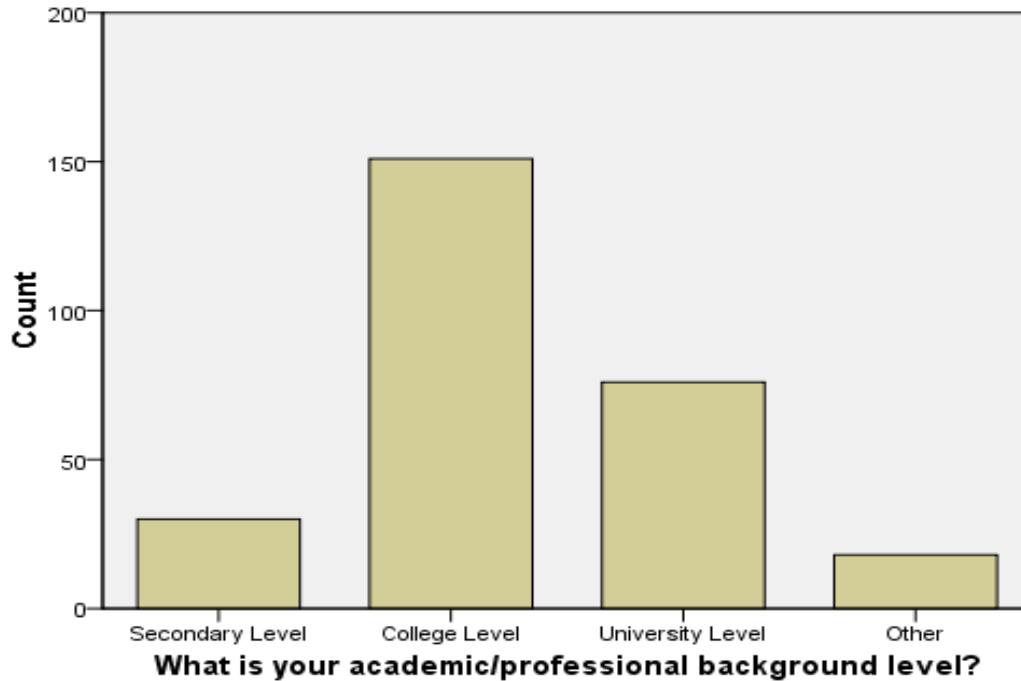
Age indicator graph

#### 4.2.3 Academic Level of Respondents

According to the survey, 41% of respondents had a college education, 30% had a university education, 18% had a secondary education, and 11% had a professional education, as indicated in Table 4.3.

Table 4.3 Respondents' Academic Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary Level	30	10.9	10.9	10.9
College Level	151	54.9	54.9	65.8
Valid University Level	76	27.6	27.6	93.5
Other	18	6.5	6.5	100.0
Total	275	100.0	100.0	



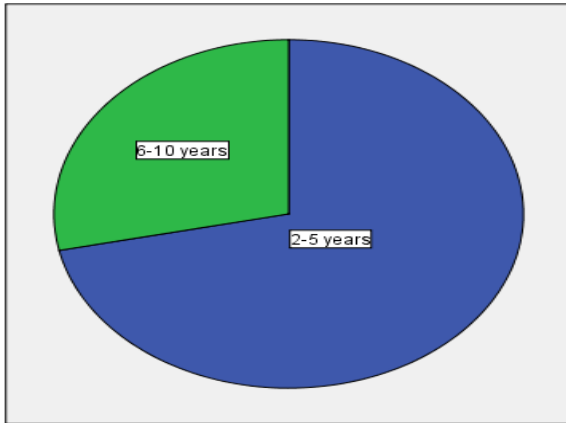
#### 4.2.4 The experience of Respondents

According to the findings, 71.6% of respondents had worked for their company for 2 to 5 years, 28.4% had worked for less than a year, 4% had worked for 6 to 10 years, and 4% had worked for more than 15 years. According to the findings, many employees in MSEs have been with the company for 2 to 5 years, as indicated in Table 4.4.

Table 4.4 Respondents' Time of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
2-5 years	197	71.6	71.6	71.6
Valid 6-10 years	78	28.4	28.4	100.0
Total	275	100.0	100.0	

Source: KPMG (2023)



#### 4.2.5 Business Sector Experience

According to the report, 20% of MSEs work in the trade sector, 4% in the service sector, 57% in the manufacturing sector, and 22% in other sectors. As demonstrated in Table 4.5, the majority of MSEs are in the manufacturing sector, where digital marketing is utilised.

Table 4.5 SMEs' Sector of Business

	Frequency	Percent	Valid Percent	Cumulative Percent
Trade	56	20.4	20.4	20.4
Service	1	.4	.4	20.7
Valid manufacturing	157	57.1	57.1	77.8
Others	61	22.2	22.2	100.0
Total	275	100.0	100.0	

Source: KPMG (2023)

#### 4.6 Years in Business for MSEs

According to the findings, 69% of MSEs have been in operation for 2 to 5 years, 26% have been in operation for 6 to 10 years, and 7.3% have been in operation for more than 10 years. According to these findings, the majority of MSEs have been in operation for two to five years, as indicated in Table 4.

Table4.6Years in Business for MSEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2-5 years	190	69.1	69.1	69.1
6-10 years	65	23.6	23.6	92.7
above 10 years	20	7.3	7.3	100.0
Total	275	100.0	100.0	

Source:KPMG(2023)

#### 4.7 Employees in Small and Micro-Sized Enterprises

According to the report, 30% of MSEs had 0 to 5 employees, 66% had 6 to 10 employees, and 4% had 10 to 30 employees. According to these findings, the majority of MSEs should have 6 to 10 staff, as indicated in Table 4.7.

Table4.7 Employees in Small and Micro-Sized Enterprises

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-5	83	30.2	30.2	30.2
6-10	182	66.2	66.2	96.4
11-30	10	3.6	3.6	100.0
Total	275	100.0	100.0	

Source:KPMG(2023)

#### 4.8 Annual Turnover of MSEs

According to the research, 29% of MSEs had an annual turnover of 5,000 ETB to 50,000 ETB, 58% had an annual turnover of 500,001 to 500,000 ETB, and 13% had an annual turnover of 500,001ETB to 1,500, 000.ETB. According to these data, the majority of MSEs had an annual turnover of between 50,001 ETB and 500,000 ETB, as indicated in Table 4.8.

**Table 4.8 annual turnover**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5000-50000	79	28.7	28.7	28.7
50001-500000	159	57.8	57.8	86.5
500001-1500000	37	13.5	13.5	100.0
Total	275	100.0	100.0	

### 4.8 Descriptive Statistics

#### 4.8.1 Extent of Digital Marketing Usage

##### i) Email marketing

**Table 4.9: Extent of Email Usage**

**Table 4.9 Emails marketing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no extent	89	30.9	32.4	32.4
little extent	125	43.4	45.5	77.8
moderate extent	60	20.8	21.8	99.6
great extent	1	.3	.4	100.0
Total	275	95.5	100.0	

		Email marketing
N	Valid	275
Mean		1.9018
Std. Deviation		0.74076

Table 4.9 summarizes the breadth of email marketing by MSEs in Addis Ababa, Ethiopia. According to the table, 4% (N=1) of the accused utilized email marketing extensively as a method of digital marketing, while 22% (N=60) of the SMEs used email marketing moderately. Only 45.5% (N=125) of SMEs utilize email as a marketing medium to a limited extent, whereas 32.4% (N=89) use email marketing entirely. Overall, the mean utilization of email marketing by MSEs in Addis Ababa was 1.9018, implying that MSEs used email marketing to a limited level.

#### ii) Mobile Marketing Table

#### 4.10: Usage of Mobile Marketing

Mobile marketing					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no extent	26	9.0	9.5	9.5
	little extent	97	33.7	35.3	44.7
	moderate extent	150	52.1	54.5	99.3
	great extent	2	.7	.7	100.0
	Total	275	95.5	100.0	

		Mobile marketing
N	Valid	275
Mean		2.4655
Std. Deviation		0.67387

Table 4.10 shows the level of mobile marketing by MSEs in Addis Ababa, Ethiopia.

According to the responses, 9.5% (N=26) of MSEs in Addis Ababa do not use mobile marketing at all, 35.3% (N=97) use mobile marketing to a small extent, 54.5% (N=150) use mobile marketing to a moderate extent, and 7% (N=2) use mobile marketing as a large extent of digital marketing technique. The aggregate mean of the replies suggested a mean of 275 is 2,4655, implying that MSEs in Addis Ababa, Ethiopia employ mobile marketing as a means of marketing to a moderate level.

iii) promotion via social media

Table 4.11: The Amount of Time Spent on social media.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no extent	2	.7	.7	.7
	little extent	71	24.7	25.8	26.5
	moderate extent	183	63.5	66.5	93.1
	great extent	19	6.6	6.9	100.0
	Total	275	95.5	100.0	

**p**

		Social media marketing
N	Valid	275
Mean		2.7964
Std. Deviation		0.56218

Table 4.11 shows the spectrum of social media marketing as a digital marketing instrument used by MSEs in Addis Ababa. According to the findings of the study. In Addis Ababa, 7% (N=2) of MSEs use social media marketing as a form of digital marketing to no extent, 25.8% (N=71) use social media marketing to a little extent, 66.5% (N=183) use social media marketing to a moderate extent, and 6.9% (N=19) use social media marketing to a great extent. The total mean calculated from the replies was 2.7964, implying that social media marketing is employed to a modest level by SMEs in Addis Ababa.

iv) Search Engine Optimization (SEO)

Table 4.12 Extent of Use of Search Engine Optimization

	Frequency	Percent	Valid Percent	Cumulative Percent
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		SEO marketing
N	Valid	275
Mean		3.7309
Std. Deviation		0.67836

Valid	no extent	1	.3	.4	.4
	little extent	17	5.9	6.2	6.5
	moderate extent	104	36.1	37.8	44.4
	great extent	152	52.8	55.3	99.6
	very great extent	1	.3	.4	100.0
	Total	275	95.5	100.0	

Table 4.12 showed how much search engine optimization (SEO) was employed as a method of marketing by MSEs in Addis Ababa, Ethiopia. According to the responses, .4% (N=1) of the MSEs in Addis Ababa do not utilize search engine optimization as a form of marketing, while 6.2% (N=17) of them use SEO to a limited level. Another 37.8% (N=104) of the MSEs stated that they use SEO to a moderate level, 55.3% (N=152) use SEO extensively, and .4% (N=1) use SEO extremely extensively. The mean response rate was 3.7309, indicating that SEO is widely employed by MSEs in Addis Ababa.

## V) Online Advertising

**Table 4.13: The Scope of Online Advertising Use**

Online advertising has increased sales revenue in my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no extent	49	17.0	17.8	17.8
	little extent	149	51.7	54.2	72.0
	moderate extent	73	25.3	26.5	98.5
	great extent	4	1.4	1.5	100.0
	Total	275	95.5	100.0	

		Online advertising marketing
N	Valid	275
Mean		2.52
Std. Deviation		0.56232

The final but not least digital marketing method is online advertising, the results of which are shown in Table 4.13. The results indicated that 17.8% (N=49) of the MSEs did not use online advertising as a means of marketing, 54.2% (N=149) of the MSEs used online advertising to a minor extent, 26.5 (N=73) of the MSEs use online advertising to a moderate extent, and 1.5% (N=4) of the MSEs use online advertising as a major means of marketing. The estimated mean answers suggested a mean of 2.52, implying that MSEs in Addis Ababa utilized internet advertising to a limited level.

The goal of this research was to determine the impact of digital marketing tactics on the marketing performance of the top 275 MSEs. The study looked at Email, Mobile, social media, Search Engine Optimization (SEO), and Online Advertisements to achieve this goal.

. Table 4.14.1: Email Descriptive Statistics and Marketing Performance for 275 MSEs

no	types of email market variables		To no extent	to a lesser extent	moderate extent	huge extent	extremely enormous extent	total	mean	St. deviation
1	Enterprise frequently use email marketing.	frequency (f)	59	124	46	46	0	275	2.29	0.98
		percentage (%)	21	45.6	16.7	16.7	0	100		
2	Employees and managers at businesses use email customer	frequency (f)	89	125	60	1	0	275	1.9	0.74
		percentage (%)	32.4	45.4	21.8	0.4	0	100		
3	successfully for advertising purposes	frequency (f)	26	97	150	2	0	275	2.47	0.67
		percentage (%)	9.5	35.3	54.5	0.7	0	100		
4	usage of email interaction reduces cost. Email	frequency (f)	1	41	178	54	1	275	3.05	0.61
		percentage (%)	0.4	14.9	64.7	19.6	0.4	100		
5	conversation rate.	frequency (f)	2	71	183	19	0	275	2.8	0.56
		Percentage (%)	0.7	25.8	66.6	6.9	0	100		

The research required to fix the effect of email on the marketing performance (Frequently use, businesses use, successfully, interaction reduces cost and conversation rate) of MSEs in Addis Ababa. The research verdicts established that 21% 32.4%. 9.5%, .4% and .7% of the respondents agreed that email has no extent to marketing performance, respectively. While 45.6%, 45.4%,35.3%. 14.9 % and 25.8% of the respondent agreed email has little extent to market performance (Frequently use, businesses use, successfully, interaction reduces cost and conversation rate) respectively. Many respondents agreed, 16.7 %,21.8%, 54.5%, 64.7 % and 66.6 % email has moderate extent to market performance namely (Frequently use, businesses use, successfully, interaction reduces cost and conversation rate) respectively. Other respondents 16.7 %, 0.4%. 0.7%, 19.6% and 6.9 % agreed email has great extent to market performance (Frequently use, businesses use, successfully, interaction reduces cost and conversation rate) respectively.

According to the findings, respondents largely agreed with the following statements: Email has used by Enterprise frequently.in my firm by the rate (M=2.29 and SD. 0.98). Employees and

managers at businesses has used email by (M= 1.9 and SD= 0.74). Email has used for successfully for advertising purposes (M= 2.47 and SD= 0.67). usage of email interaction reduces cost. (M=3.05 and SD=0.61). Email has increased conversation rate. (M=2.8 and SD=0.56). Table 4.14.1 displays these observations.

Table4.14.2 Descriptive Statistics for Influence of Mobile marketing on marketing performance

no	types of mobile market variables	measurement	To no extent	to a lesser extent	moderate extent	huge extent	extremely enormous extent	total	mean	St. deviation
1	Businesses employ mobile devices for advertising purposes	frequency (f)	2	74	134	63	2	275	2.96	0.75
		percentage (%)	0.7	26.9	48.8	22.9	0.7	100		
2	The clients are conscious of the mobile marketing.	frequency (f)	2	73	135	63	2	275	2.96	0.74
		percentage (%)	0.7	26.5	49.2	22.9	0.7	100		
3	Consumers are drawn to the mobile message	frequency (f)	1	42	172	59	1	275	3.06	0.62
		percentage (%)	0.4	15.3	62.4	21.5	0.4	100		
4	Usage of mobile interaction reduces cost	frequency (f)	1	41	170	62	1	275	3.08	0.63
		percentage (%)	0.4	14.9	61.8	22.5	0.4	100		
5	Mobile conversation rate	frequency (f)	1	17	104	152	1	275	3.49	0.63
		Percentage (%)	0.4	6.2	37.8	55.2	0.4	100		

The study sought to assess the impact of mobile marketing on the marketing. (Employ mobile devices, clients, the mobile message, interaction reduces cost and conversation rate) of MSEs in Addis Ababa. According to the research findings, 0.7%, 0.7%, 0.4%, 0.4%, and 0.4 of the defendants agreed that mobile marketing had no effect on marketing performance. While 26.9%, 26.5%, 15.3%, 14.9%, and 6.2% of respondents thought that mobile marketing had a small impact on market performance (Employ mobile devices, clients, the mobile message, interaction reduces cost and conversation rate) respectively. Most respondents agreed, 48.8 %, 49.2%, 62.4%, 61.8% and 37.8% Mobile marketing has moderate extent to market performance namely. (Employ mobile devices, clients, the mobile message, interaction reduces cost and conversation rate) respectively. Other respondents 22.9 %, 22.9%,21.5%, 22.5% and 55.2%agreed Mobile marketing has great extent to market performance (Employ mobile devices, clients, the mobile message, interaction reduces

cost and conversation rate) respectively. Very few less than 2% respondents believe mobile marketing has very great extent.

The findings also show that respondents usually agreed with the following statements: Mobile marketing improved employability of the mobile devices for advertising purposes (M=2.96 and SD=0.75). The clients are conscious of the mobile marketing grown by (M= 2.96 and SD= 0.74) because of mobile marketing. Mobile marketing has enhanced consumers are drawn to the mobile message (M= 3.06 and SD= 0.62). Usage of mobile interaction reduces cost. use of mobile marketing resulted by (M=3.08 and SD=0.63). Mobile conversation rate has increased because of mobile marketing (M= 3.49 and SD= 0.63). Table 4.14.2 displays these observations.

**Table 4.14.3 Descriptive Statistics for Social Media Influence**

no	types of social media market variables	measurement	To no extent	to a lesser extent	moderate extent	huge extent	extremely enormous extent	total	mean	St. deviation
1	Business advertisements are heavily used on social media	frequency (f)	1	42	172	59	1	275	3.06	0.63
		percentage (%)	0.4	15.3	62.5	21.4	0.4	100		
2	Customers are becoming more familiar with our social media	frequency (f)	2	71	183	19	0	275	2.8	0.56
		percentage (%)	0.7	25.8	66.7	6.8	0	100		
3	We have a large follower on social media	frequency (f)	6	91	148	30	0	275	3.73	0.68
		percentage (%)	2.2	33.1	53.8	10.9	0	100		
4	Usage of social media interaction reduces cost	frequency (f)	1	41	168	59	6	275	3.1	0.67
		percentage (%)	0.4	14.9	61.1	21.4	2.2	100		
5	Social media conversation rate	frequency (f)	1	136	132	5	1	275	2.52	0.56
		Percentage (%)	0.4	49.4	48	1.8	0.4	100		

The study sought to determine the impact of social media marketing on the marketing performance (Business advertisements, familiarity, interaction reduces cost and conversation rate) of MSEs in Addis Ababa. According to the survey findings, 0.4%, 0.7%, 2.2%, 0.4%, and 0.4 of respondents believed that social media marketing has no impact on marketing performance. While 15.3%, 25.8%, 33.1%, 14.9%, and 49.4% of respondents felt that social media marketing had a minimal impact on market performance, (Business advertisements,

familiarity, interaction reduces cost and conversation rate) respectively. Most respondents agreed, 62.5 %,66.7 %, 53.8%, 61.1% and 48 % Social media marketing has moderate extent to market performance namely (Business advertisements, familiarity, interaction reduces cost and conversation rate) respectively. Other respondents 21.4 %, 6.8% ,10.9% ,21.4% and 1.8 % agreed social media marketing has great extent to market performance (Business advertisements, familiarity, interaction reduces cost and conversation rate) respectively. Very few less than 2% respondents believe social media marketing has very great extent.

The outcomes are maintained based on findings acquired from means and standard deviations, where the respondents generally agreed with the following statements: Business advertisements are heavily used on social media by the rate (M=3.06 and SD. 0.63). Customers are becoming more familiar with our social media by (M=2.8 and SD=0.56) because of social media marketing. We have a large follower on social media which tend to increase because of social media marketing (M= 3.73 and SD= 0.68). The use of social media marketing has resulted in higher reduction of cost(M=3.1 and SD=0.67). Customers' conversation rate increased because of social media marketing (M= 2.52 and SD= 0.56). Table 4.14.3 displays these observations.

#### 4.14.4 Search Engine Optimization (SEO) Descriptive Statistics and Marketing Performance MSEs.

The study aimed to determine the impact of Search Engine Optimization (SEO) on the marketing performance of 275 MSEs in Addis Ababa. The study attempted to ascertain the impact of Search Engine Optimization (SEO) marketing on the marketing performance of MSEs in Addis Ababa (Used by businesses, understood by our customers, access search engine marketing ,Increase web site traffic and rating of key word ranking)

According to the survey findings, 0.4%, 0.4%, and 3.6% of respondents believed that Search Engine Optimization (SEO) marketing has no effect on marketing performance, correspondingly. While 2.2%, 6.2%, 2.2%, 14.8% and 2.9% of the respondent agreed Search Engine Optimization (SEO) marketing has little extent to market performance.

(Used by businesses, understood by our customers, access search engine marketing, Increase web site traffic and rating of key word ranking) respectively. Others who agreed were 33.5%, 37.7%, 33.5%, 60%, and 36.4%. SEO marketing has a moderate impact on market performance, notably. (Used by businesses, understood by our customers, access search engine marketing, Increase web site traffic and rating of key word ranking)

The majority of respondents (53.4%, 55.3%, 53.4%, 24.4%, and 51.6%, respectively) agreed that Search Engine Optimization (SEO) marketing has a significant impact on market performance. (Used by businesses, understood by our customers, access search engine marketing, increase web site traffic and rating of key word ranking) Few respondents believe that Search Engine Optimization (SEO) marketing has a significant impact on market performance: 10.9%, 0.4%, 10.9%, 0.4%, and 5.5% (Used by businesses, understood by our customers, access search engine marketing, Increase web site traffic and rating of key word ranking) , respectively.

According to the means findings, respondents usually agreed with the following statements: Marketing through search engine optimization (SEO) has raised businesses by (M= 3.73 and SD=0.69). SEO has increased the number our customers by the rate of (M=3.49, SD= 0.64); SEO has increased the number of customers access search engine marketing. (M =3.73, SD= 0.68); SEO has increased Increase web site traffic (M =3.09, SD= 0.64); SEO has enabled access rating of key word ranking (M =3.52, SD= 0.79).

Table4.14. 4 Descriptive Statistics for Search Engine Optimization (SEO) Influence

no	types of Search engine optimization (SEO)a market variable	measurement	To no extent	to a lesser extent	moderate extent	huge extent	extremely enormous extent	total	mean	St. deviation
1	Search engine marketing is used by businesses.	frequency (f)	0	6	92	147	30	275	3.73	0.69
		percentage (%)	0	2.2	33.5	53.4	10.9	100		
2	Search engine marketing is understood by our customers	frequency (f)	1	17	104	152	1	275	3.49	0.64
		percentage (%)	0.4	6.2	37.7	55.3	0.4	100		
3	Customers can access search engine marketing.	frequency (f)	0	6	92	147	30	275	3.73	0.68
		percentage (%)	0	2.2	33.5	53.4	10.9	100		
4	Increase web site traffic	frequency (f)	1	41	165	67	1	275	3.09	0.64
		percentage (%)	0.4	14.8	60	24.4	0.4	100		
5	rating of key word ranking	frequency (f)	10	8	100	142	15	275	3.52	0.79
		Percentage (%)	3.6	2.9	36.4	51.6	5.5	100		

#### 4.14.5 Marketing Performance of MSEs and Descriptive Statistics for Online Advertising Marketing

The research was needed to determine the impact of online advertising on the marketing performance of 275 MSEs in Addis Ababa. The study attempted to ascertain the impact of online advertising marketing on the marketing of MSEs in Addis Ababa

(Content for online advertisements, frequently use, Customers attention, reduction of cost and conversation rate) According to the survey findings, 17.8%, 0.7%, 0.7%, 0.4%, and 4.7% of respondents agreed that online advertising marketing has no effect on marketing performance. While 54.2%, 25.8%, 26.9%, 15.3%, and 13.1% of respondents stated that online advertising marketing had minimal impact on market performance.

(Content for online advertisements, frequently use, Customers attention, reduction of cost and conversation rate) Many respondents agreed, with 26.5%, 66.6%, 48.8%, 62.5%, and 58.9% voting yes. Online advertising marketing has a moderate impact on market performance, namely (Content for online advertisements, frequently use, Customers attention, reduction of cost and conversation rate) Other respondents agreed that online advertising marketing has a significant impact on market performance (Content for online advertisements, frequently use, Customers attention, reduction of cost and conversation rate) respectively). Few respondents feel that online advertising marketing contributes significantly to market performance. 0.7%, 0.4%, and 3.3% (Content for online advertisements, frequently, Customers attention, reduction of cost and conversation rate) respectively.

According to the results of the means, respondents largely agreed with the following statements: My company's sales income have improved because of Businesses that can produce content for online advertisements ( $M=2.12$  and  $SD=0.7$ ). Businesses frequently use the internet increased the number of visitors to our website ( $M=2.8$ ,  $SD= 0.56$ ); online advertising marketing increased the number of clicks on our advertisements ( $M =2.96$ ,  $SD= 0.74$ ); Customers pay attention to our online marketing ( $M =3.06$ ,  $SD= 0.62$ ); and Usage of online marketing interaction reduces cost( $M =2.96$ ,  $SD= 0.74$ ). Access to new markets and clients has been made possible high

Online conversation rate. ( $M = 3.08$ ,  $SD = 0.63$ ). Table 4.14.5 displays the data on the impact of online advertising campaign.

Table 4.14.5 Descriptive Statistics for Online Advertising Influence and Market Performance

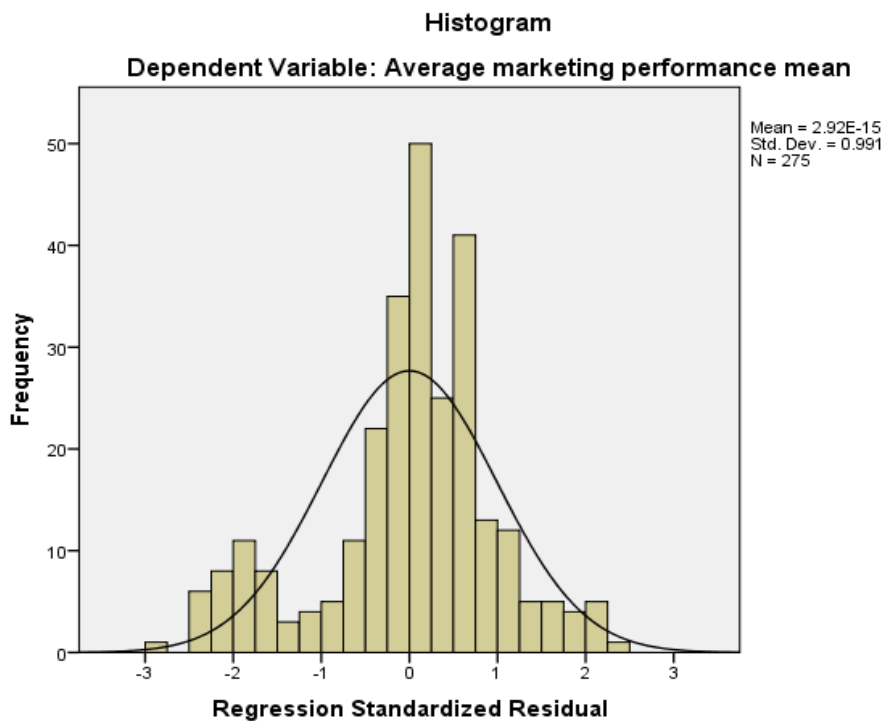
no	types of Online advertising a market variable	measurement	To no extent	to a lesser extent	moderate extent	huge extent	extremely enormous extent	total	mean	St. deviation
1	Businesses that can produce content for online advertisements	frequency (f)	49	149	73	4	0	275	2.12	0.7
		percentage (%)	17.8	54.2	26.5	1.5	0	100		
2	Businesses frequently use the internet	frequency (f)	2	71	183	19	0	275	2.8	0.56
		percentage (%)	0.7	25.8	66.6	6.9	0	100		
3	Customers pay attention to our online marketing.	frequency (f)	2	74	134	63	2	275	2.96	0.74
		percentage (%)	0.7	26.9	48.8	22.9	0.7	100		
4	Usage of online marketing interaction reduces cost.	frequency (f)	1	42	172	59	1	275	3.06	0.62
		percentage (%)	0.4	15.3	62.5	21.5	0.4	100.1		
5	Online conversation rate.	frequency (f)	13	36	162	55	9	275	3.08	0.63
		Percentage (%)	4.7	13.1	58.9	20	3.3	100		

## 4.15 Inferential statics

Inferential analysis is a type of analysis in which a random sample of data from a population issued to draw conclusions about that population. Inferential statistics are useful when it is neither practical or possible to investigate each individual a population (Kothari,2004).

### 4.15,1 Testing the Assumptions of Regression

Before performing a regression analysis, it is necessary to make some basic assumptions about the original data. This is necessary to comprehend the relationships between dependent and explanatory variables. Five major assumptions must be confirmed and demonstrated to be reasonable. In this investigation, the following essential least square assumptions were tested and described.

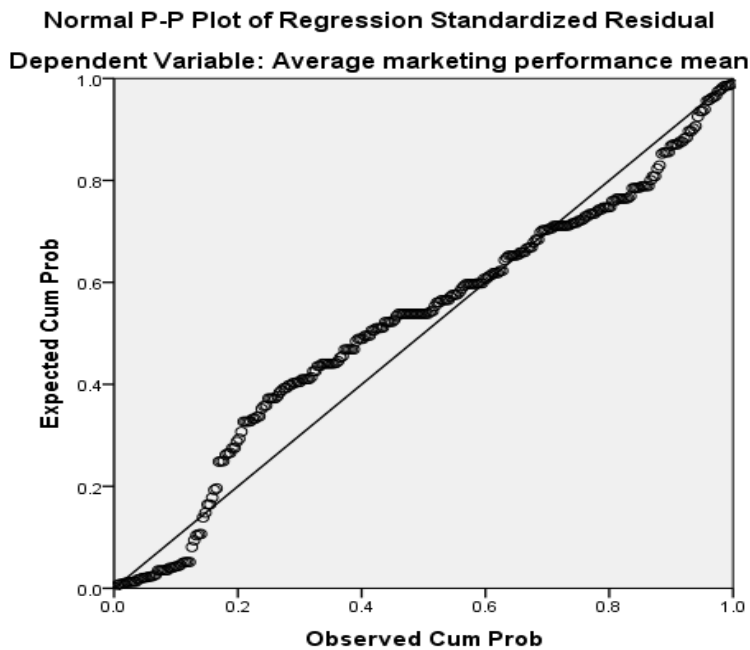


## 4.15. 2 Testing Normality

A statistical approach for testing whether a sample or set of data fits into a conventional normal distribution is known as the normalcy test. A normality test can be performed either graphically or numerically.

Normality tests are used to see if a data set is well-modeled by a normal distribution and to assess the likelihood that a random variable underlying the data set is normally distributed. The tests are as or to model selection, and depending on how on reperceives probability, they can be interpreted in a variety of ways:

Multiple regressions presume that variables have normal distributions (Darlington, 1968). This indicates that errors are evenly distributed, and a plot of the residual values resembles a normal curve (Keith,2006). This assumption can be tested using the model's P-P plot and the standardized residuals histogram shown above. The dots should be as close to the diaphragm as possible.



### 4.15.3 correlation test

**Correlations**

		Average marketing performance mean	email market average	mobile marketing average	social media marketing average	SEOMarketing average	online marketing average
Average marketing performance mean	Pearson Correlation	1	-.039	-.092	.020	.297**	.035
	Sig. (2-tailed)		.519	.129	.737	.000	.559
	N	275	275	275	275	275	275
email market average	Pearson Correlation	-.039	1	.329**	.313**	.212**	.539**
	Sig. (2-tailed)	.519		.000	.000	.000	.000
	N	275	275	275	275	275	275
mobile marketing average	Pearson Correlation	-.092	.329**	1	.265**	.173**	.271**
	Sig. (2-tailed)	.129	.000		.000	.004	.000
	N	275	275	275	275	275	275
social media marketing average	Pearson Correlation	.020	.313**	.265**	1	.339**	.494**
	Sig. (2-tailed)	.737	.000	.000		.000	.000
	N	275	275	275	275	275	275
SEOMarketing average	Pearson Correlation	.297**	.212**	.173**	.339**	1	.429**
	Sig. (2-tailed)	.000	.000	.004	.000		.000
	N	275	275	275	275	275	275
online marketing average	Pearson Correlation	.035	.539**	.271**	.494**	.429**	1
	Sig. (2-tailed)	.559	.000	.000	.000	.000	
	N	275	275	275	275	275	275

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

Pearson’s correlation test was done on MSEs sales and the extent of adoption of digital marketing techniques. From the tests that were done, the results indicate that there was a mild correlation between and email marketing, mobile marketing, search engine optimization, and online advertising. These digital techniques had correlation values of 0.66, .231, .220. And 0.91 respectively. It was only social media marketing that had a moderately high correlation with sales with a value of 0.828 indicating a positive relationship between annual turnover and extent of social media adoption. The inter-relation tests indicated Low correlation scores indicated that the independent variables were not multi-collinear.

#### 4.15.4 Results of Regression Analysis

The study used regression analysis to govern the relationship between the independent factors and the dependent variable. Sales were the dependent variable, while the independent variables were Email, Mobile, social media, search engine optimization, and online advertising. According to the study, Email, Mobile, social media, search engine optimization, and online advertisements explained a considerable percentage of the variance in marketing success ( $R^2=.341$ ). This means that Email, Mobile, social media, search engine optimization, and online advertisements account for 34.1% of marketing performance. Other factors not considered by this study so account for 65.9%. Table 4.15 shows the results.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.441 <sup>a</sup>	.341	.330	.63679

- Constant predictors include Email, Mobile, social media, search engine optimization, and online advertisements.
- The significant value in assessing the model's dependability for the link between Email, Mobile, social media, search engine optimization, and online advertisements success was  $F = 341$ ,  $p = 0.00$ . As a result, the model is statistically significant in projecting the relationship between the study variables. The results are shown in Table 4.15.

Table 4.15.2 ANOVA

Table ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	14.390	5	2.878	7.097	.000 <sup>b</sup>
1 Residual	109.079	269	.405		
Total	123.469	274			

a. Dependent Variable: Average marketing performance mean

b. Predictors: (Constant), online marketing average, mobile marketing average, SEO Marketing average, social media marketing average, email market average

**Table 4.15.5 Regression Coefficients**

Model	Coefficients									
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	3.377	.501		6.747	.000					
email market average	-.078	.139	-.039	-.562	.575	-.039	-.034	-.032	.672	1.489
mobile marketing average	-.243	.126	-.119	-1.921	.056	-.092	-.116	-.110	.859	1.165
social media marketing average	-.071	.145	-.033	-.491	.624	.020	-.030	-.028	.719	1.391
SEO marketing average	.526	.095	.358	5.562	.000	.297	.321	.319	.792	1.263
online marketing average	-.102	.163	-.049	-.623	.534	.035	-.038	-.036	.538	1.859

a. Dependent Variable: Average marketing performance mean

According to Table 4.7, the equation the equation  $(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon)$  therefore becomes  $Y = 0.501 + 0.078X_1 + 0.243X_2 + 0.071X_3 + 0.526X_4 + 0.102X_5 + 0.501$ .

According to the regression values in the table, all the measures of innovation capability evaluated, namely email (X1), mobile (X2), social media (X3), search engine optimization (X4), and online advertising (X5), have effect on marketing performance. This is since predictor variables -values, including social media, search engine optimization, and online were positive. This indicated that these characteristics are intricately linked to the marketing success of 275 MSEs, in which case an increase in social media, search engine optimization, and online advertisement would be beneficial. Furthermore, internet advertisements improve the marketing success of 275 MSEs. while email and online marketing is not significant and mobile marketing beta coefficient is negative which means that an increase in the predictor variable is associated with a decrease in the dependent variable. Sometimes if there exists multicollinearity (dependence between independent variables), we get *counter intuitive estimates*.

Multicollinearity exists when two or more of the predictors in a regression model are moderately or highly correlated with one another. Unfortunately, when it exists, it can wreak havoc on our analysis and thereby limit the research conclusions we can draw. As we will soon learn, when multicollinearity exists, any of the following outcomes can be exacerbated:

- The estimated regression coefficient of any one variable depends on which other predictors are included in the model.
- The precision of the estimated regression coefficients decreases as more predictors are added to the model.
- The marginal contribution of any one predictor variable in reducing the error sum of squares depends on which other predictors are already in the model.

- Hypothesis tests for  $\beta_k = 0$  may yield different conclusions depending on which predictors are in the model.

Furthermore, Table 4.15.3 above demonstrates that when all parameters are included, that is, If the independent variables include email, mobile, social media, search engine optimization, and online advertisements, then the marketing performance of 275 MSEs will be 0.501 (50.1 %). Assuming all other independent variables are set to zero, an increase in email usage will result in a 0.078 (7.8%) increase in marketing performance; mobile usage will result in a - 0.243(24.3 %) decrease in marketing performance; social media usage will result in a 0.071 (7.1%) increase in marketing performance; search engine optimization usage will result in a 0.526 (52.6 %) increase in marketing performance; online advertisements usage will result in a 0.102 This implies that social media and SEO of the digital marketing tactics investigated had a positive and statistically significant impact on the marketing performance of 275 MSEs in Addis Ababa. Others ( email and online marketing have no significant or Mobile marketing have negative impact on the result.

#### **4.16. Results Discussion**

This section demonstrates the justification behind the study's findings. The study discovered that email and mobile marketing had a large impact on marketing performance as well as a modest impact on market performance. Most respondents agreed, 16.7 %,21.8%, 54.5%, 64.7 % and 66.6 % email has moderate extent to market performance namely (sales revenue, customer engagement, complaint resolution with customers, brand recognition and experience and satisfaction of customers) respectively. On the other hand, most respondents agreed, 48.8 %, 49.2%, 62.4%, 61.8% and 37.8% Mobile marketing has moderate extent to market performance namely (sales revenue, customer engagement, complaint resolution with customers, brand recognition and experience and satisfaction of customers) respectively. this implies that MSEs has with different reason like skill and cost of the marketing they used both email and mobile averagely compared to other marketing means.

In contrast, the findings revealed that using social media boosted consumer involvement and facilitated complaint resolution. Furthermore, the survey found that social media usage increased sales, brand awareness, access to new markets and clients, and consumer loyalty.

The study's findings confirm Odongo's (2014) contention that using social media promotes brand awareness, aids in the management of customer contacts, and boosts

the number of sales made. Furthermore, the study's findings are consistent with those of Cox (2012), who discovered that the use of social media increases corporate market share, enhances customer interaction, and increases customer happiness. According to the study's findings, a rise in social media usage leads to an increase in marketing performance. Odongo (2014) called for a clear social media strategy that targets individual customers to maximize the benefits of social media usage. In addition, he recommends that MSEs have obvious considerations for monitoring the success of social media efforts to maximize their marketing performance.

The study established that MSEs. The study's findings also indicated that respondents agreed that using SEO boosted the number of visitors to their websites and social media pages. These findings are consistent with those of Jalango' (2015), who discovered that using SEO improves traffic to corporate websites and social media pages and increases the number of clicks on advertisements published by the firms.

The study's findings are also consistent with previous findings in the same topic area by Park and Park (2010), who discovered that using SEO advances customer knowledge when they interact with businesses while lowering the effective and promotion costs that businesses incur. Furthermore, Wisdom (2015) found that the use of SEO improves the marketing effectiveness of MSEs and advised that MSEs enhance their application of SEO.

The study discovered that internet advertising has a substantial impact on the marketing performance of SMEs. According to the findings of the study, the majority of respondents believed that online advertising boosted the number of unique visitors to their websites and social media pages. Furthermore, the study found that using internet advertising resulted in greater sales volumes, increased market share, and access to new clients and markets.

These findings are consistent with those of Nga'nga' (2015), who claims that using internet advertising allows MSEs to cut marketing expenditures, engage with clients more quickly, and track marketing effectiveness. Furthermore, the study discovered that internet advertising resulted in expanded client bases, market share, and revenues. These findings are consistent with those of Minama (2016), who found that internet advertising enhanced brand awareness, sales, customer loyalty, and satisfaction. According to the survey, MSEs should embrace online advertising and other digital

marketing methods such as email, mobile, social media, and SEO since these will provide them a competitive advantage.

#### 4.17 Challenges of Digital Marketing Adoption

##### 4.17.1 Factors Influencing Digital Marketing Adoption

**Table 4.17.1 Obstacles to Digital Marketing Adoption**

	Responses		Percent of Cases
	N	Percent	
Financial constraints	275	100%	100%
Inadequate Digital Media Knowledge Inadequate Digital Marketing Techniques	275	100%	100%
Insufficient time for planning and implementation	246	89%	89%
Digital Marketing Laws and Policies	165	60%	60%
Other Difficulties	0	.0%	0%
Financial constraints	0	0	0%

As stated in Table 4.13 above, the tests that were antagonized by MSEs that stalled digital marketing deployment were brought. The findings suggested that the most difficult issue for MSEs to use digital marketing tactics was a lack of funds and digital media skills. This was shown by a 100% (N=275) response rate. Another problem identified by MSEs in adopting digital marketing tactics was a lack of appropriate digital marketing approaches. This meant that the existing digital marketing method was inappropriate for their sort of business.

This was stated by 89% (N=246) of the MSEs polled. The third most significant barrier to MSEs adopting digital marketing was a lack of time for planning and implementation. This was demonstrated by 60% (N=165) of the total replies and is likely due to the fact that some of the firms are still young and do not have Appropriate Digital Marketing Techniques to carry out the digital marketing. The fourth barrier to MSEs' digital marketing in Addis Ababa is a lack of time for creating and implementing a digital marketing strategy. Most MSEs do not have a marketing unit or specialist that works particularly on it, and most businesses do not devote enough time and attention to digital marketing implementation. When there are few employees and a lot to accomplish, there will be a shortage of time.

4.17.2 The scope of the obstacles associated with digital marketing adoption.

Table 4.17.2: Adoption of Digital Marketing Challenges

Descriptive Statistics

	N	Mean	Std. Deviation
Financial constraints	275	4.1418	.73363
Inadequate knowledge of digital media	275	3.6145	.57674
Sales volume	275	3.747	.69128
Inadequate knowledge of essential digital marketing techniques for company	275	3.6764	.56088
Inadequate time for strategy and implementation	275	3.2036	.54235
Legislative framework	275	1.0655	.39533
Listwise valid N	275		

Table 4.13.2 indicates the extent to which the interactions influenced digital marketing adoption. The findings indicated that a lack of funding and a lack of suitable digital marketing techniques for company were significant challenges to digital marketing adoption, with a mean of 4.14 and 3.67, respectively. Following that was a lack of digital media understanding, which suggested a mean of 3.61, indicating that there was a moderate disagreement on digital assumptions. This encounter was brought about by a lack of time for planning and execution, which had a mean of 3.20, indicating that it was a moderate barrier to solid digital adoption. Finally, with a mean of 1.06, digital marketing rules and policies had the least influence on digital marketing adoption, showing that it was a small barrier to MSEs' digital adoption.

No	Hypothesis	Status	Beta	Supported
H1	Email marketing has a beneficial effect on MSE sales	Positive	$\beta = .078,$ $p < 0.01$	Not supported
H2	Mobile marketing has a beneficial effect on MSE sales	Negative	$\beta = .0243$ $p < 0.01$	Not supported
H3	Social media marketing has a beneficial effect on MSE sales	Positive	$\beta = .071,$ $p < 0.01$	Not supported
H4	Search engine optimization marketing is beneficial to MSE sales.	Positive	$\beta = .526,$ $p < 0.01$	supported
H5	Online marketing has a beneficial effect on MSE sales	Negative	$\beta = .102,$ $p < 0.01$	Not supported

The investigation's next goal was to categorize the digital marketing issues faced by MSEs in Addis Ababa, Ethiopia. According to the verdict's suggestions, the significant difficulty stopping MSEs from implementing digital marketing tactics on their firm was a lack of capital and digital media skills. Enterprises are unaware of the many digital marketing options and how they operate. This is especially important for new businesses, so educate them on proper usage. Another issue that MSEs had was finding absence marketing that was appropriate for them. MSMEs may need to sell utilizing digital strategies, however they may not have the best practice. This difficulty might also be due to the previously mentioned lack of expertise. This difficulty was exacerbated by a lack of time for digital marketing planning and execution. Small businesses may lack recognized marketing arrangements and competent marketing professionals, and as a result, it may take time to develop and implement a digital marketing plan. Finally, with a mean of 1.06, digital marketing regulations and policies had the smallest influence as a hurdle to digital marketing implementation. The only worry may be confident job descriptions.

## CHAPITRE FIVE

### RECOMMENDATIONS, CONCLUSION, AND SUMMARY

#### 5.1 Summary of Findings

The primary purpose of the research was to find out the impact of digital marketing tactics on the performance of micro and small businesses in Addis Ababa. Using an organized questionnaire, primary data collected from chosen micro and small businesses in Addis Ababa City that employed digital marketing with payment. A total of three hundred questionnaires distributed, with 275 of them returned.

According to demographic analysis, 63% of the 275 respondents were males, 37% were females, and many participants were aged 20 to 34 years, followed by 35 to 45 years. In terms of education, 54.9 percent of the participants were TVET certified, and the remaining 27.6 percent were first degree holders.

According to descriptive research, the mean of search engine marketing in MSEs was 3.73. MSEs found to have more aggressive search engine marketing practices. firms were effectively communicating with consumers using search engine marketing, and customers were aware of search engine marketing since the chosen firms employed digital marketing. Customers may now utilize search engines for marketing because of the advancement of digitalization.

The mean of social media advertising is 2.79, showing that firms frequently use social media advertising and that customers are familiar with the company's social media. Because of these enterprises, social media has many followers, the vast majority of whom are customers. There are several methods to utilize social media advertising to enhance product brand recognition and engagement. Increase product sales and social media following. In Addis Ababa,

Online marketing has a mean of 2.5. The bulk of Addis Ababa's MSEs do not employ internet advertising, and their clients are unaware of their presence. Most businesses do not have their own website to sell their products; instead, they utilize the website of a digital technology provider to promote their products and commodities.

Email marketing gets a 1.90 average score. Email marketing is not extensively employed by MSEs in Addis Ababa. Employees and management at the companies were not effectively using email for marketing objectives. Many customers do not have an email address with the companies. The constraints of email advertisement marketing were a low delivery rate, a low open rate, a low click rate, a high unsubscribe rate, a high spam complaint rate, a low active ratio, and limited post-click engagement.

In Addis Ababa, the average mobile marketing score in MSEs sector is 2.46, with a standard deviation of .67. The cost of the mobile marketing is relatively higher than social media.

Based on the data analysis, it was discovered that email, mobile, social media, SEO, and internet marketing had a small, moderate, large, and moderate influence on MSE sales expansion, respectively. Other studies' objectives, as well as the research result, indicated that the main barrier for MSEs in implementing digital marketing was a lack of digital media competence and cash. This was followed by a lack of appropriate digital marketing techniques, which was also a difficulty for MSEs in digital marketing implementation. Finally, the lack of time for planning and implementation was a difficulty for MSMEs in the adoption of digital marketing. Finally, the lack of time for planning and implementation was a difficulty for MSMEs in the adoption of digital marketing.

## **5.2 Conclusion**

Digital marketing may assist MSEs in building contacts, increasing revenue, and expanding in their field. MSEs that take advantage of these digital marketing benefits in the online ecosystem will discover that it helps them build their reputation and brand awareness, improves customer loyalty, establishes them as a thought leader, demonstrates the capabilities, and allows the brand to nurture their incoming leads. However, in the research region, the actuality is as follows:

According to the research findings, digital marketing has a beneficial influence on MSE sales growth in Addis Ababa, Ethiopia. Regarding Search engine optimization having a substantial impact on MSE sales, the study found that it is used by MSEs and has a considerable impact on sales. As a result of the research, MSEs should utilize search engine optimization marketing more frequently to increase their sales. This would be

more cost effective than traditional specialty marketing methods. The survey's findings also indicated that social media and online marketing are employed to have influence on sales, and the study concluded that it has positive resulted in increased sales for MSEs as would be expected. This would be less expensive than typical techniques of traditional marketing.

The issues that MSEs encounter in terms of digital marketing accomplishment examined and assessed depending on the size with which they communicate approval. The biggest challenges to growing digital marketing implementation, according to the study's results, are a lack of money and digital media awareness, proper digital marketing methods, and time for strategy and execution.

### **5.3 Recommendations**

The following recommendations on how to proceed with digital marketing adoption by MSEs were given based on the research judgements and results.

- ❖ Businesses should improve their digital marketing in general, and their SEO marketing, by improving SEO marketing or developing Relevant marketing Content about their product, by Updating the Content Regularly, by including enough data about the product and manufacturing process, and by linking to any worthy site.
- ❖ Businesses could improve their social media advertising by optimizing social media for different platforms, developing a straightforward path to the checkout, giving free delivery, connecting with all social media platforms, and including video marketing.
- ❖ MSEs should improve by developing short-, medium-, and long-term plans that provide long-term value to consumers.

In general, MSEs are provided with proper digital literacy sensitization training, which is followed by counselling on current digital marketing potential and demonstrations of the usage and benefits of innovative marketing strategies. The government, business service providers, non-governmental organizations, and other institutions should collaborate to provide a unified platform to help MSEs.

#### 5.4 Suggestion for Further Research

More research needed, according to the research findings, to understand more about MSEs' digital marketing importance based on the sector and other cities outside of Addis Ababa, as this would stipulate contrast and fortification or dissatisfaction with the study's conclusions regarding digital marketing. Enterprises should look at how digital marketing influences other parts of a company, such as input supply and B2B connections, which are more important than sales and profits. Additionally, when it recognized that sales driven by a combination of both internal and external variables to an organization, other components that effect sales progress and efficacy of MSEs should be studied. The public should also adopt easy and promising digital marketing policies to aid MSEs in their digital development. Finally, to determine how digital marketing promotes sales expansion in a company, researchers need employ a variety of investigative methodologies.

## Annex 1

This questionnaire is intended to aid research on "The Role of Digital Marketing Strategies on the Performance of Micro and Small Enterprises in Addis Ababa," and your responses would be greatly appreciated.

Hello, my name is Solomon Assefa, and I am a Master of Marketing Management student at Addis Ababa University's Marketing Management Department. The goal of this questionnaire is to investigate the impact of digital marketing strategy on the performance of Addis Ababa's Micro and Small Enterprises. Your replies will be kept private and mixed with other responses when the results are reported.

### SECTION A: Demographic information

- 1) What gender are you?
  - a) a) Male
  - b) Female
- 2) What is your age group?
  - a) 20-34 Years
  - b) 35-45 Years
  - c) 46-55 Years
  - d) Over 56 Years
- 3) What is your educational/professional background?
  - a) Secondary School
  - b) College
  - d) Professional Level
  - c) University Level
  - e) Other [Insert].....
- 4) How long have you been with your company?
  - a) Less than a year
  - b) 2 to 5 years
  - c) Ages 6 to 10
  - d) A2>10 Years
- 6) What industry does your company operate in?
  - a) Business
  - b) Service
  - c) Construction
  - d) Manufacturing
  - e) Other
- 7) How long has your company been in operation?
  - a) Less than one year
  - b) Two to five years
  - c) 6–10 Years
  - d) Over 15 Years
- 8) How many people work for your company?
  - a) from 0 to 5
  - b) from 6 to 10
  - c) 11 to 30
  - d) More than 30
- 9) What is the yearly revenue of your business finance?
  - a) 5,000 – 50,000 [ ]
  - b) 50, 001 – 500,000 [ ]
  - c) 500,001– 1,500, 000[ ]
  - d) More than 1,500,001 [ ]

**SECTION B: DIGITAL MARKETING TOOLS AVAILABILITY** On a scale of 1 to 5, with 1 representing 'No amount' and 5 representing 'Very Great Extent,' identify the amount to which your business/company employs the following digital marketing tactics to advertise their business/companies:

Variables	1	2	3	4	5
Emails					
Mobile advertising					
Marketing on social media					
SEO stands for search engine optimization.					
Online advertising (websites, blogs, and so forth)					

**SECTION B: STRATEGIES FOR DIGITAL MARKETING**

5=Strongly Disagree, 4=Disagree, 3=Neutral, 2=Agree, 1=Strongly Agree?

Variables	1	2	3	4	5
Email promotion.					
Enterprise frequently use email marketing.					
Employees and managers at businesses use email.					
successfully for advertising purposes.					
Usage of email interaction reduces cost.					
Email conversation rate.					
Mobile device marketing					
Businesses employ mobile devices for advertising purposes.	1	2	3	4	5
The clients are conscious of the mobile marketing.					
Consumers are drawn to the mobile message.					
Users of mobile interaction reduces cost.					
Mobile conversation rate.					
Social media marketing					
Business advertisements are heavily used on social media.					
Customers are becoming more familiar with our social media.					

We have a large follower on social media.					
Usage of social media interaction reduces cost.					
Social media conversation rate.					
Internet advertising through search engines					
Search engine marketing is used by businesses.				<input type="checkbox"/>	
Search engine marketing is understood by our customers.					
Customers can access search engine marketing.					
Increase web site traffic.					
rating of key word ranking.					
Advertisements on websites. (online)					
Businesses that can produce content for online advertisements.					
Businesses frequently use the internet.					
Customers pay attention to our online marketing.					
Usage of online marketing interaction reduces cost.					
Online conversation rate					

**SECTION E: CHALLENGES OF DIGITAL MARKETING ADOPTION**

i) What issues are preventing MSEs in Ethiopia from adopting digital marketing? (Please check all that apply.)

- Financial constraints
- a lack of awareness about digital media
- lack of suitable digital marketing techniques for company
- Inadequate time for planning and implementation
- Legislative structure
- Other

ii) On a scale of 1 to 5, with 1 equaling 'No Extent' and 5 equaling 'Very Great Extent,' how much do the following problems impede your adoption of digital media marketing?

	1	2	3	4	5
Financial constraints					
a lack of awareness about digital media					
a lack of suitable digital marketing techniques for company					
Insufficient time for planning and implementation					
Digital marketing legislation and policies					

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