

Impact of Digital Marketing on Sales Improvement Among Small and Medium Enterprises (SMEs) In Lagos State, Nigeria

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ABSTRACT

The study examines the impact of digital marketing on sales improvement among SMEs in Lagos state. The methodology applied to this research is quantitative techniques. Survey research design method was adopted and the study sourced data from the primary source. 100 questionnaires were administered but 98 questionnaires were collected back from the respondents who were the SMEs operators in Lagos State. Correlation analysis was adopted as the statistical techniques for the study. The findings revealed that there is strong relationship between digital marketing and SMEs sales activities. Therefore, the study concludes that digital marketing has a positive effect on SMEs and sales improvement in Lagos, Nigeria. The study recommends that for organisations to achieved digital marketing, there should be proper sensitization and training to SMEs. The government and her institutions such as SMEDAN should come up with programs to help grow SMEs which would help the economy grow.

Keywords: Digital Marketing, SMEs, SMEDAN

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1. INTRODUCTION

Businesses usually aim to grow in terms of market size and assets and due to competition, they have to ensure they attract and retain customers in order to remain profitable. Jobber and Ellis-Chadwick (2013) noted that the marketing concept is based on the basic principle that its implementation helps in business performance. Small and medium enterprises as business entities need to grow to ensure survival and be able to compete in the market. Ayyagari, Beck and Demirgüç (2007) in their study stated that in both developing nations and advanced economies, small and medium enterprises contribute roughly 60 percent of the manufacturing sector's formal employment. The growth of small and medium enterprises in any country is important since it implies a growth in economy and therefore more incentives need to be made to grow the sector. One of the factors important in the growth of SMEs is sales which generate revenues.

This can be attained by marketing their products and services so as to create awareness and make their products and services preferred as compared to that of competitors. Therefore, depending on the size, resource availability and life-cycle stage of a company, marketing objectives will differ hence different marketing strategies. Jain (2014) stated that large businesses usually have huge opportunities due to their large marketing budgets, enabling them to be easily visible through multi-channel marketing effort.

On the other hand, due to limited cash resources, small and medium enterprises are hugely limited with the marketing possibilities on how they can gain visibility. SMEs are very much reliant on the word of mouth marketing and maintain their efforts rotating around limited avenues which they can afford hence restraining their potential for growth. Also, small business owners implement tailor-made marketing practices to achieve their business goals and as O'Donnell (2011) indicated, the process used in engaging marketing activities by small business owners is usually unplanned, informal, and employ a bottom-up approach. Studies indicate that a firm size is likely to affect the implementation of digital channels, with small businesses being the slowest adopters (Bordanaba-Juste, Lucia & Polo, 2012), and large businesses are more likely to have the necessary resources and knowledge to implement new digital channels and tools successfully (Barnes et al., 2012).

Many small and medium enterprises are usually in the growth stage of the life cycle and it is at this stage that customer attraction and retention is important and therefore need to have a marketing objective of having effective reach to customers. For a longtime, successful small businesses have succeeded via word-of-mouth in order to market their products and services, but with the growth of digital marketing the main logic of marketing has shifted from exchange of goods toward service provision, interactivity, connectivity and client relationships (Vargo & Lusch 2004). This shift has been enabled by innovations in technology, new marketing channels, and constant media environment changes (Bhattacharya and Bolton, 2000).

1.1 Statement of the Problem

The importance of SMEs in both developed and developing countries cannot be overemphasized as it provides the highest employment in an economy. The sustainability of the SMEs in the economy can be achieved when they make sales and become profitable. Making consumers aware of their products and services requires marketing and the traditional methods of marketing have been seen to be beyond the reach of SMEs and therefore digital marketing has been seen as an alternative for the SMEs to reach the market to provide awareness about their goods and services. However, the SMEs need to know the digital techniques to use, how to maximize their customer reach and also know how to measure the impact of their digital marketing.

The marketing aspect of SMEs is different to that of large corporations, therefore making the adoption of digital marketing to be a greater challenge for them (Lipiäinen and Karjaluoto, 2013). Adoption of digital channels is likely to be more successful in large businesses since they are more likely to have the necessary resources and knowledge compared to small businesses (Barnes et al., 2012). Ochieng' (2016) through a Facebook research indicated that Nigerian entrepreneurs are some of the most active small businesses that generate revenue through advertisements on Facebook.

The research continued and singled out businesses that, through Facebook advertising, have expanded in West Africa. Currently, a number of SMEs have embraced digital marketing and it would be important to know its impact in terms of sales growth which translates to profitability. Large companies have embraced digital marketing to compliment traditional marketing, but no accurate information is present with regards to digital usage by SMEs.

1.2 Objectives of the Study

The objective of the study was to determine the impact of digital marketing on sales improvement among SMEs in Lagos state. The specific objectives were to:

- i. Assess the impact of digital marketing tools such as social media marketing, E-commerce, e-mail marketing, pay-per-click on the sales of SMEs in Lagos, Nigeria.
- ii. Identify the digital marketing challenges experienced by SMEs in Lagos, Nigeria.

1.3 Research Questions

The study was designed to provide answers to the following research questions:

- a) To what extent does digital marketing tools such as social media marketing, E-commerce, E-mail marketing, pay-per-click have impact on the sales of SMEs in Lagos state, Nigeria?
- b) What is the influence of digital marketing challenges on SMEs sales activities in Lagos state SMEs?

1.4 Research Hypotheses

In order to provide answers to the basic questions raised above, the following hypotheses was tested in their null (H_0) form:

- H_1 : There is no significant relationship between digital marketing tools such as social media marketing, E-commerce, E-mail marketing, pay-per-click on sales improvement of SMEs in Lagos state.
- H_2 : There is no significant relationship between digital marketing challenges and sales improvement of SMEs in Lagos state.

2. LITERATURE REVIEW

2.1 Conceptual Review

Digital Marketing

American Marketing Association's defines, digital marketing may be seen as activities, institutions, and processes facilitated by digital technologies for creating, communicating and delivering value for customers and other stakeholders. The study adopt a more inclusive perspective and define digital marketing as "an adaptive, technology-enabled process by which firms collaborate with customers and partners to jointly create, communicate, deliver and sustain value for all stakeholders" (Abou, Skiera, Stepanchuk, & Gerstmeier, 2012). Digital marketing could be defined as a sub-branch of traditional marketing that uses digital channels to achieve the same goal as traditional marketing, which is, to attract new customers and keep old ones by promising superior value (Kannan & Li, 2017). This is only done by engaging the customer with the brand through social media, blogs, forums, email marketing, mobile applications, website optimization and online display marketing.

Scott (2010) states that the web has created a huge opportunity to reach niche buyers directly with targeted information that costs a fraction of what big-budget advertising costs. As such, smaller companies can even reach their target market via digital marketing without necessitating huge marketing budgets. They only have to find the best and more suitable digital marketing tools such as newsletters, social media, online banners, blogs, and pay-per-click marketing. Only problem is that digital marketing requires innovation, since it can reach millions of people with well-planned marketing, or only few. Creative campaigns usually get the most attention and sometimes even have to be a bit bold and annoy the public.

Digital Marketing Tools

Several studies and literature have indicated a relationship between digital marketing and sales. Digital marketing is able to reach new customers and provide personalized communication to the customers, hence increasing awareness and sales (Jain, 2014; Jagongo & Kinyua, 2016). Small businesses could be able to use digital media such as social media, e-mails which are known to be very cheap to access potential customers to create product awareness, while medium enterprises have some revenue to use digital tools such as pay-per-click (PPC), search engine optimization (SEO), online advertising, and viral marketing.

Web 2.0: The term web 2.0 emerged in 2004 to describe the new way in which software developers and end-users started to utilize the World Wide Web. The Internet was no longer a platform where content and applications were created and published by individuals. In Web 2.0, the content is modified by all users in a participatory and co-operational fashion. Personal web pages, online encyclopedias, and the idea of content publishing were replaced by blogs, wikis, and collaborative projects in Web 2.0. According to an article by Andreas M. Kaplan and Michael Haenlein (2010), Web 2.0 can be considered to be the platform for the evolution of social media, which will be discussed in the following chapter.

E-commerce: In order to understand business model of Design with Benefits it is important to define the term e-commerce. It refers to online transactions: selling goods and services on the Internet, either in one transaction or over time with an ongoing subscription price. Online retail firms buy products and resell them online. Physical products are delivered by using traditional transportation methods and digital products, such as software and music, can be delivered via the Internet. (Strauss and Frost 2009)

Social Media: The general definition of social media according to Kaplan and Haenlein (2010), is that, “social media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”. Some of the most well-know examples of social media are Google+, Facebook, Blogs, Twitter, LinkedIn, YouTube, Instagram, Snapchat and MySpace. According to Nielsen’s study (2013) consumers spend more time on social networks than on any other category of website. Approximately 20 percent of their total time online was used on a personal computer (PC) and 30 percent of total time online on a mobile device. Other devices such as tablets, game consoles, handheld music players and e-readers also increased in popularity for accessing social media.

In addition, Nielsen’s (2012) survey indicated that social media is not solely connected from home, but for example, more than half of people aged 25-34 use social networking in the office. It also revealed that social media has fundamentally changed the consumer decision journey. In other words, the days when companies could tightly control brand messaging and progress consumers along a linear purchase funnel have ended. Consumer decisions and behaviors are increasingly driven by the opinions, tastes and preferences of an exponentially larger, global pool of friends, peers and influencers (Nielsen 2012). Social media has not only changed how people communicate online, but it has also changed the consumption of other media too. Online social connections are used to filter, discuss, disseminate, and validate news, entertainment, and products for consumption. (Ryan 2011)

Display advertising: This can be, for example, in the form of banner ads on web-sites or in emails. For marketers this is a visible way to create brand awareness but it does not necessarily translate into direct clicks. Targeted product recommendations based on users clicks are also a rapidly growing means of advertising which may increase product awareness and trigger purchase action. (Blanding 2013; Damian 2011 Court 2009)

Email (Newsletter): Newsletters have been around as long as email and they still have value for marketers. They are fast methods for businesses to quickly share information about sales, promotions, new products, or any other current issues with interested customers, since customers choose to receive (subscribe to) the company’s newsletter. (Damian 2012; Scott 2012)

Mobile Applications: Accessing social content and the Internet has changed since the arrival of mobile devices and tablets. Mobile application (app) usage now comprises more than a third of social networking time across personal computers (PC) and mobile devices. Nielsen (2013) states in its survey that compared to year 2011 consumers increased their social app time by 76 percent. This means that seven times the amount of minutes have been spent on apps than the mobile web; for example, Facebook was used through its mobile app by 819 million people monthly (Facebook 2013).

Pay-Per-Click Marketing (PPC): This is also known as sponsored search or paid search. PPC marketing offers the potential for marketers to bid for placement in the paid listings search results by choosing relevant search terms for their business. Companies pay the amount of their bid only when a consumer clicks on their listing. Undoubtedly, the most well-known PPC tool is Google AdWords, and Google Analytics for monitoring the results, but Yahoo and Microsoft are also offering the same tools. (Damian 2012) Through these tools it is possible to increase website visibility and evaluate its effectiveness. AdWords is a service to create PPC campaigns by setting relevant keywords. It allows the user to add, delete, and manage bids. Google Analytics is a tool designed to evaluate a company's performance in Google searches, clicks on the website, how users entered the website, and customer acquisition. These two tools have evolved as a unified tool. (Ramos and Cotta 2009)

Search Engine Optimization (SEO): This is a process that aims to enhance the website's listing in search engine results. SEO is done by improving the website's search engine friendliness. In other words, phrases on the site, blog, or other online content are found by the search engines. SEO is often outsourced. (Damian 2011, Scott 2012) There are wide varieties of marketing tools for Small Medium Enterprises to use. That is why every company should evaluate their goals and their target customer in order to choose the best tools for their purposes. This applies to traditional marketing as well as digital marketing, since the purpose of marketing in general is to reach the target market.

2.2 Measurement of Digital Marketing Effectiveness

There has been an increased importance to measure digital marketing success as efficiently as possible in a dynamic business landscape, as is currently the case, more than ever before. Digital marketing tools have some ways available to measure success through various metrics that business owners can obtain (Gregorio, 2016). One of the methods used to measure digital marketing effectiveness is through analytics which is in-built in most digital marketing tools. According to a white paper presented by Fernandez and Bharathi (2015), the insights derived from big data analytics helps a business to precisely drive future decisions through provision of the right message to the consumers at the right time, and for the right price. There has been a rapid growth in intuition-driven marketing and there has, therefore, big data analytics and digital marketing are getting tightly interwoven.

Data availability and insights make digital platforms complete and therefore provides great opportunity to make inferences by marketers from this data and make the right decisions (Jain, 2014). By being able to measure the performance of each campaign, SMEs would continuously learn how to improve their campaigns and therefore understand the relationship of the target audience with the various touch points and messages broadcasted. Tracking online behaviour and visitors has been made much easier by the digital world as marketers try to understand where online visitors come from, which pages they were viewing, the time they spent on the website, the sources which are sending quality traffic, and most importantly, whether the website visits turn into leads or conversions.

2.3 Marketing Opportunities of Small Businesses

Numerous marketing opportunities exist for small businesses, namely networking and word of mouth marketing. Not only do owner-managers of small businesses rely on their personal contact network, but they rely on the networks of their customers as well. Small businesses often rely on word of mouth recommendations for new customers. Word of mouth marketing provides small businesses with an opportunity to give customers a reason to talk about products, making it easier for word of mouth to take place. Networking is a widely cited marketing activity for SMEs and is important during their establishment, development, and growth (Walsh & Lipinski, 2009). Siu (as cited in Walsh & Lipinski, 2009) found that in marketing their firms, SMEs rely heavily on their personal contact network. Traditionally, economic structures favour larger firms; however, today's economy is distinguished by relationships, network, and information, favouring some of the characteristics of SMEs (Walsh & Lipinski, 2009; Adegbuyi, 2009). Rather than relying solely on their personal contact network, small businesses rely on the networks of customers as well. Today, these customers can be reached through electronic word of mouth, or eWOM.

Marketing in small businesses relies heavily on word of mouth recommendations for customer acquisition. Stokes & Lomax (2002) claim that "a number of studies have indicated that the most important source of new customers for small firms is recommendations from existing customers". For many owner-managers, reliance on customer recommendations is more suited to the resources available to their business (Stokes & Lomax, 2002). Word of mouth marketing involves monitoring what is being said for marketing purposes, engaging in brand related discussions, involving people and their social networks for marketing purposes, and more (WOMMA, 2011). The Word of Mouth Marketing Association (2011) recognizes all word of mouth marketing techniques as being based on the concepts of customer satisfaction, two-way conversation, and transparency. The association describes the basic elements of word of mouth marketing as: "Educating people about your products and services; Identifying people most likely to share their opinions; Providing tools that make it easier to share information; Studying how, where, and when opinions are being shared; and Listening and responding to supporters, detractors, and neutrals" (WOMMA, 2011).

2.4 Marketing Challenges of Small Businesses

Researchers widely agree that marketing practiced in small firms is different from that of large organizations (Coviello et al., 2000; Gilmore et al., 2001; Hill, 2001; Reijonen, 2010). Small firm marketing has been described as informal, unstructured, spontaneous, and reactive (Gilmore et al., 2001; Reijonen, 2010). According to Stokes (2000), in small firms, marketing is used for immediate needs and little attention is paid to plans and strategies. SMEs direct their attention to sales in order to survive (Stokes, 2000). One of the most prevalent areas in which a small business has problems is marketing (Huang & Brown, 1999). This is due to the inability to employ a marketer to carry out marketing activities for the business (Berthon et al., 2008; Moss et al., 2003; Gilmore et al., 2001). Leppard & McDonald (as cited in Hill, 2001) stated that the owner, manager has a significant impact on every aspect of the SMEs marketing activities. The SME owner manager is often responsible for the performance of functions within an organization, such as banking, purchases, advertising, and recruitment. They will often decide which marketing strategies to use because the use of specialists is rare and they do not often have a marketing manager as an employee (Berthon, Ewing, & Napoli, 2008). Moss, Ashford, & Shani (2003) state that "Relatively little is known about SME marketing activities..."

There exists a lack of knowledge about marketing activity in small businesses, suggesting that "such functional specialization may rarely exist" (Moss, Ashford, & Shani, 2003). According to Walsh and Lipinski (2009), marketing in SMEs is not as well developed or influential as it is in large firms. Large organizations are often large enough to have a marketing department that permits the delineation of functions and activities. This difference can be attributed to certain limitations that small firms face including limited resources in terms of finance, time, and marketing knowledge (Gilmore et al., 2001; Reijonen, 2010). Complex theories may be considered inappropriate in small enterprises (Hogarth-Scott, Watson, & Wilson, 1996).

According to Reijonen (2010) “it is argued that owner-managers of small firms tend to view marketing narrowly”. Furthermore, it is argued that SME marketers may consider marketing the same as selling or advertising (Reijonen, 2010).

2.5 Theoretical Framework

Network/Social Network Theory

Network theory analyses all kinds of relationships, whether it is between people, animals or things. Social network analysis is an overlapping instrument used for learning about patterns that manifest within social networks and their influence on behaviour. Digital marketing channels are important in this respect since they allow marketers to listen and understand what is said by consumers, and also enable them to take advantage of the power of influential users so as to be able to spread the messages to other people in their networks. Research indicates that the very powerful users are those with the most impact across a number of differentiated networks. The network theory sees social relationships in terms of nodes and ties. The nodes are the players within the networks, and ties are the relationships amongst the players. The network can also be used to “determine the social capital of individual players”. These ideas are usually exhibited in a social network diagram, where nodes represent the points while ties are the lines. This theory is useful in the study since it analyses how SMEs can maximize their ‘networks’, in this case their customers.

Theory of Collective Intelligence

Collective intelligence refers to a process where large numbers of people can converge simultaneously upon the same point(s) of knowledge, while at the same time achieving intellectual performance. The theory of collective intelligence postulates that groups are generally smarter and more productive than the sum of the individuals. Crowdsourcing is an internet phenomenon in which projects are broken down into small, individual tasks that are distributed to a large number of individuals for completion, and is known to have collective intelligence characteristics. According to Tapscott and Williams (2008), for collective intelligence to exist, it requires four principles. These principles are openness, peering, sharing, and acting globally. Openness: for collective intelligence to work to its full potential, it requires people and companies to present and be candid about their ideas to the people on the internet so that their products can be improved. Peering: taking old information or products and modifying them to match yours and others’ personal needs before releasing it to the public so that people can take utilize them. Sharing: it explains how intellectual property is required to be shared with others in the group. It is essential to allow for the constant exchange of ideas and critiques around which productivity is enhanced.

Acting globally principle is based on communications technologies advancement that allows organizations to reach out across their entire collaborators’ network and to engage everyone. This concept overcomes challenges such as department and branch borders in an effort to capture and utilize new ideas, new talents, and new markets. This theory is useful in the study since it indicates how digital marketing is able to bring SMEs and its consumers together to interact and be able to exchange ideas to come up with products or services that improve the whole experience.

Generational Theory

Generation theory explains that the era in which a person was born impacts their perception of the world. It also indicates that our value systems are shaped in the formative years of our lives through our families, friends, communities, significant events and the general era in which we are born (Jurkiewicz & Brown, 1998).

Initiated by Strauss and Howe in 1991, generational marketing theory stipulates that consumers born during the same era, usually a 20-year period, have similar attitudes and behaviours due to shared experiences that influenced their childhood and moulded their world views. This current era can be defined as that of digital information which can be defined by the use of digital media. Generational theory is relevant to digital marketing based mainly on how each generation communicates and the online places where they can be accessed easily by marketers. This theory is useful

to the study since assists SMEs to identify customer generations and homogenous groups and formulate appropriate marketing content for them using digital media.

2.6 Empirical Framework

The empirical review outlines similar studies done previously by researchers.

Olonde (2017) studied the impact of digital marketing on sales growth of small and medium enterprise in Nairobi Kenya. The study used a descriptive cross-sectional research design to allow analysis of SMEs in Nairobi at the same time. The target population was mainly from the Top 100 SMEs for the last 5 years and it had a population of 699 SMEs. From this population, a sample size of 255 SMEs was determined and randomly selected to answer the research objective. The study results indicated that email marketing and social media marketing had significant impact on SMEs sales growth and to a great extent. Mobile marketing, search engine optimization (SEO) marketing, pay-per-click (P.P.C), and online marketing all had a significant effect on SMEs' sales growth and to a moderate extent. The findings led to the conclusion that email marketing and social media marketing are important to improve SMEs sales while the other techniques (mobile marketing, SEO marketing, P.P.C and online marketing) had little or moderate effect on sales.

Oji, Iwu and Haydam (2017) their study assess the use of social media marketing strategies by SMMEs in the hospitality sector in Cape Metropole, South Africa. A survey was conducted of SMMEs with employment capacity of not more than 50 employees, specifically restaurants in the Cape Metropole, the sampling method was purposive. The findings of this study reveal that most of the sampled SMMEs used social media platforms. The findings also revealed that SMMEs perceive social media to have moderately effective marketing tools, with WhatsApp as the most effective, followed by Facebook and Twitter. Hence, this study provides an alternative to the ailing marketing strategies currently used by small businesses.

Usin (2017), conducted a study on Online Marketing for Start-Ups and Small Companies in Estonia. The objective of the study is to affirm and explain the importance of using online media for business purposes for start-ups and small companies. More precisely how social media and company's own website work together holistically and what are the benefits of each of them. The study provides insight from the concept to making it happen. In order to achieve the aim of the thesis, an in-depth interview was conducted to gain knowledge from marketers who are working at the agency and have experience in doing online marketing for a small company, either for work or for personal brand. The findings confirmed that before creating an online presence, a company should know their own brands concept, essence and goals. The stress has been put on the importance of strategy of every company. If the strategy is set, then comes the communication, how, where, when and through what channels is it best for the brand to communicate with their audience.

Achieng (2016) this study sought to outline how small and medium enterprises are using online marketing to improve their competitiveness in Kenya. This study used the descriptive research design. The target population of the study comprised of all employees that worked at Tembea East Africa Safaris who were 103 in number. The study showed that Tembea East Africa Safaris online marketing takes into account their unique business environment. The company's online marketing deals with constant engagement with customers and matching their needs. The company's online marketing requires them to have an in-depth knowledge of their customers' needs. The study concludes that Tembea East Africa Safaris had lowered its prices to attract more customers and it differentiated its products from competitors to attract more customers using its online platform. The company used online marketing to advertise its product bundles as well as a counter-measure that prevented its competitors from gathering their pricing strategy. The study recommends that SME owners and managers employ the use of online marketing beyond the purpose of managing customers and competitor information to coordinate business activities.

Onyango (2016) assess the influence that digital marketing strategies have on the performance of cut flowers exporting firms in Kenya. Research was conducted using qualitative and quantitative research using semi-structured interviews targeting 30 cut flowers exporting firms in Kenya. The results indicated that digital marketing significantly improved revenue, improved market share, and increased profitability. Firms using digital marketing showed better performance than their counter parts using conventional marketing strategies. It also noted that digital marketing's major benefit emanates in its exceptional capability to give personalized and interactive information without the restriction of time and place.

Srinivasan, Bajaj and Bhanot (2016) did a study to understand social media marketing concept and its role in the micro, small and medium enterprises sector. The study used exploratory research to identify the social media marketing techniques used to acquire and retain customers by MSMEs. Judgemental sampling was used to collect data from fifty micro, small and medium enterprises (MSMEs). The study results indicated that participation in social media creates a strong impact on brand awareness and brand trust, which results in a strong influence on customer acquisition and retention. The study also indicated a positive relationship between the time spent on social media and amount of sales made. It concluded by stating that social media marketing strategies have a positive impact on customer acquisition and retention which results to market share increase.

Adegbuyi, Akinyele and Akinyele (2015) conducted study examining how social media marketing affects the performance of small scale businesses. They study administered one hundred and fifty copies of questionnaire to owner-managers and employees of selected SME's in Ota Metropolis. The data was analysed using descriptive statistics, ANOVA and correlation test. The study results indicated that relationship creation and networking with other businesses increases brand exposure. A business may reciprocate to promote your business when you promote their business or product.

The study also indicated that social engagement with others makes businesses visible to their audience and this creates potential to reach many potential customers.

Taiminen and Heikki (2015) did a study on the SMEs' usage of digital marketing channels. The study collected data comprising of semi-structured interviews for SMEs comprising of 16 managers and 421 respondents in Central Finland. The study results indicated that SMEs have not been maximizing the full capability of digital tools available, and therefore not gaining benefits from the opportunities they present. From the study results, queries were raised on whether SMEs understand how digital marketing brings about essential changes in the nature of communication.

3. METHODOLOGY

The data collected were both quantitative and qualitative, simple random method was equally used to sample the population of the study. Survey research design was employed to conduct research and questionnaires were administered to respondents for data collection that had specifically been selected to represent a population to which the findings of the data were generalized. The study's target population was all the SMEs in Lagos, Nigeria which comprises of thousands of SMEs in Lagos. The study also used 399 SMEs has the total population for the study, A sample size of One hundred (100) respondents was drawn from the population of the study. The data was analyzed using descriptive statistics and correlation analysis. The qualitative data were extracted from the content analysis of literature and evaluation of published articles, books, papers as well as internet entries.

4. DATA PRESENTATION AND ANALYSIS

One Hundred (100) questionnaires copies were distributed but ninety eight (98) was retrieved from the respondents of SMEs in Lagos state. The descriptive statistics results are summarized in the following tables. From the analysis the demographic characteristics of the population revealed the following:

Table 1: Types of Business Distribution

	Frequency	Percent	Valid percent	Cumulative percent
Valid Sole proprietorship	43	43.88	43.9	43.9
Partnership	35	35.71	35.7	79.6
Limited liability	20	20.40	20.4	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table1 indicates the distribution of the type of SME businesses that the study sampled in Lagos, Nigeria. From the total of the 98 SMEs that responded, the findings indicated that 43.8% (N=43) of them were sole proprietorship, 35% (N=35.7) of them were partnerships, while 20% (N=20.4) of them were limited liability companies.

Table 2: Number of Employee by SMEs

	Frequency	Percent	Valid percent	Cumulative percent
Valid Less than 5	30	30.6	30.6	30.6
Between 5 and 20	40	40.8	40.8	71.4
Between 21 and 30	20	20.4	20.4	91.8
More than 50	8	8.2	8.2	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table 2 indicates the distribution of the number of employee by SMEs that the study sampled in Lagos, Nigeria. From the total of the 98 SMEs that responded, the findings indicated that 30.6% (N=30) of them were less than 5, 40.8% (N=40) of them were between 5 and 20, 20.4% (N=20) of them were between 21 and 30, while 8.2% (N=8) of them were more than 50

Table 3: Annual Turnover by SMEs

	Frequency	Percent	Valid percent	Cumulative percent
Valid Less than 1 million	10	10.2	10.2	10.2
Btw 1million & 3million	24	24.5	24.5	34.7
Btw 3million & 5million	46	46.9	46.9	81.6
More than 5million	18	18.4	18.4	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table 3 indicates the distribution of the annual turnover by SMEs that the study sampled in Lagos, Nigeria. From the total of the 98 SMEs that responded, the findings indicated that 10.2% (N=10) of them were less than 1 million, 24.5% (N=24) of them were between 1million and 3million, 46.9% (N=46) of them were between 3million and 5million, while 18.4% (N=18) of them were more than 5million

Table 4: Operational Duration

	Frequency	Percent	Valid percent	Cumulative percent
Valid Less than 3 years	30	30.6	30.6	30.6
Between 3 & 6 years	40	40.8	40.8	71.4
More than 6 years	28	28.6	28.6	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table 4 indicates the distribution of the operational duration by SMEs that the study sampled in Lagos, Nigeria. From the total of the 98 SMEs that responded, the findings indicated that 30.6% (N=30) of them were less than 3years,40.8% (N=40) of them were between 5 and 6years, while 28.6% (N=28) of them were more than 6years

Table 5: Presence of Marketing Department

	Frequency	Percent	Valid percent	Cumulative percent
Valid No	74	75.5	75.5	75.5
Yes	24	24.5	24.5	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table 5 indicates the distribution of the presence of marketing department that the study sampled in Lagos, Nigeria. From the total of the 100 SMEs that responded, the findings indicated that 75.5% (N=74) of them said No to the presence of marketing department, while 24.5% (N=24) of them said Yes to the presence of marketing department in their SMEs.

Table 6: Capacity/resource to serve more clients/customers

	Frequency	Percent	Valid percent	Cumulative percent
Valid No	42	42.9	42.9	42.9
Yes	56	57.1	57.1	100.0
Total	98	100.0	100.0	

(Source: field survey, 2019)

Table 6 indicates the distribution of capacity/resource to serve more clients/customer that the study sampled in Lagos, Nigeria. From the total of the 98 SMEs that responded, the findings indicated that 42.9% (N=42) of them said No to the capacity/resource to serve more clients/customer, while 57.1% (N=56) of them said Yes to capacity/resource to serve more clients/customer in their SMEs.

Hypotheses Testing

Reliability Statistics

Cronbach's Alpha	N of Items
.858	19

One of the main issues concerns the scale's internal consistency. This refers to the degree to which the items that make up the scale 'hang together'. One of the most commonly used indicators of internal consistency is Cronbach's alpha coefficient. Ideally, Cronbach alpha coefficient of a scale should be above 0.7 (Devellis, 2003). For this analysis, Cronbach's Alpha value shown in the reliability statistics table is 0.858, suggesting good internal consistency reliability for the scale with this.

Hypothesis one

Ho: There is no significant relationship between digital marketing tools and sales improvement of SMEs in Lagos state.

Correlations

		Digital Marketing Tools	Sales Improvement
Digital Marketing Tools	Pearson correlation	1	.835***
	Sig. (2-tailed)		.000
	N	98	98
Sales Improvement	Pearson correlation	.835***	1
	Sig. (2-tailed)	.000	
	N	98	98

Source: field survey 2019

The correlation analysis showed the strength and direction of the linear relationship between digital marketing tool and sales improvement. From the table above, the Pearson correlation coefficient between digital marketing tool and sales improvement is 0.835, indicating a positive and strong correlation between digital marketing tool and sales improvement. Therefore, we reject the null hypothesis and accept the alternate hypothesis.

Hypothesis two

Ho: There is no significant relationship between digital marketing challenges and sales improvement of SMEs in Lagos state.

Correlations

		Digital marketing challenges	Sales improvement
Digital marketing challenges	Pearson correlation	1	.721***
	Sig. (2-tailed)		.000
	N	98	98
Sales Improvement	Pearson correlation	.721***	1
	Sig. (2-tailed)	.000	.000
	N	98	98

Source: field survey, 2019

The correlation analysis showed the strength and direction of the linear relationship between digital marketing challenges and sales improvement. From the table above, the Pearson correlation coefficient between digital marketing challenges and sales improvement is 0.721, indicating the relationship between digital marketing challenges have not affect the improvement of sales of SMEs in Lagos state. Therefore, we reject the null hypothesis and accept the alternate hypothesis.

5. DISCUSSION OF FINDINGS

Having analysed the questionnaire and test of hypotheses using the parametric Pearson correlation and also subjected to frequency distribution and Pearson correlation, the following findings were made:

The first hypothesis observed that digital marketing tools to be analysed was email marketing. From the results, email marketing adoption is done to a great extent by SMEs in Lagos and it has a positive impact on sales to a great extent. More companies have started using personalized emails and email signatures to reach to their current and potential clients. The results are consistent with that done by Onyango (2016) and that of Yasmin et al. (2015) who indicated a positive relationship and increase in sales as a result of digital marketing, email being one of them. The other digital marketing technique analysed was mobile marketing and its effect on SMEs' sales growth. The study findings indicated that mobile marketing is used to a little extent by SMEs in Lagos and impacts sales growth to a moderate extent. The usage by SMEs may be low due to costs associated with mobile marketing where there is a cost per SMS sent to a potential customer.

This makes it expensive compared to other digital marketing techniques. Social media marketing as a digital marketing technique indicated a great usage by SMEs and also results indicated its impact on SMEs sales to a great extent. The adoption of social media is high because it is a cheap technique of digital marketing, and can also reach many potential customers who are in social media. The results are consistent with the studies done by Srinivasan et al. (2016), Adegbuyi et al. (2015), and Jagongo and Kinyua (2013) who indicated that social media creates brand awareness that results in strong influence on customer acquisition and retention.

Search engine optimization as a digital marketing technique indicated usage to a little extent by SMEs and it affects sales of SMEs to a moderate extent. The extent of use may be low due to its technicality and lack of understanding by SMEs. The results findings are not consistent with that done by Yasmin et al. (2015) who indicated that digital marketing techniques have a great impact on sales. The other digital marketing technique whose impact on sales growth was analysed in the study was pay-per-click. The study findings indicated that it is used by SMEs in Lagos to a little extent and it has an impact on sales to a moderate extent. The usage may be low also due to its technicality and SMEs do not understand how it works. A study done by Taiminen and Heikki (2015) raised queries whether SMEs understand how digital marketing operates to bring about essential changes in communication.

The final digital marketing technique used by SMEs was online advertising and the study findings indicated that it was used to a moderate extent by SMEs and it had an impact on sales to a moderate extent. The findings were similar to study findings by Njau and Karugu (2014), Yasmin et al. (2015) and also that done by Kithinji (2014). The second hypothesis revealed that there is significant relationship between digital marketing challenges and sales improvement of SMEs in Lagos state. The SMEs may want to market using digital techniques, but they may not have the best technique that suits them. This challenge may also be as a result of lack of knowledge indicated earlier. Lack of finances was another challenge faced by SMEs to implement digital marketing techniques. This is especially for small enterprises who are starting and cannot afford some of the digital marketing techniques available.

This challenge was followed by lack of time for planning and execution of the digital marketing. Small business do not have formal structures and relevant personnel for marketing and therefore may not have time to come up with a digital marketing strategy and execution since they also require time. Finally, the laws and policies on digital marketing had an effect on challenges affecting digital marketing adoption. It was therefore not a major challenge to SMEs as there are no policies provided that hinder the use of digital marketing. The only issue may be certain lines of professions or businesses not allowed to market themselves in general.

6. CONCLUSION AND RECOMMENDATIONS

From the study findings, the study concluded that digital marketing tools such as social media marketing, E-commerce, E-mail marketing, pay-per-click has strong significant with sales improvement of SMEs in Lagos State. Also, digital marketing challenges have strong significant relationship with sales improvement of SMEs in the study area.

Thus, it is recommended that

1. There should be proper sensitization and training to SMEs on available digital marketing options and how it can be done.
2. Government and institutions such as SMEDAN should come up with programs to help grow SMEs which would help the economy grow.

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