



## **Impact of Digital Marketing on the Growth and Development of Small and Medium Enterprises in Kasungu District**

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### **ABSTRACT**

This study investigates the impact of digital marketing on the growth and development of Small and Medium Enterprises (SMEs) in Malawi. As digital technologies continue to reshape the global business landscape, understanding their influence on SMEs, which form the backbone of many economies, becomes crucial. The research employs a mixed-methods approach, combining surveys and interviews with SME owners and managers, to assess the adoption and effectiveness of digital marketing strategies. Findings reveal that digital marketing significantly contributes to SME growth in Malawi, facilitating increased market reach, customer engagement, and operational efficiency. Additionally, challenges such as limited digital literacy and access to technology are identified as potential barriers. Recommendations include targeted capacity-building initiatives and government support to enhance digital infrastructure. The outcomes of this study contribute valuable insights for SMEs, policymakers, and stakeholders aiming to harness the potential of digital marketing for sustainable economic development in Malawi.

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### **INTRODUCTION**

The aim of every business is to grow in terms of market size and assets and due to competition, they have to ensure they attract and retain customers to grow and remain in business. Small and medium enterprises just like any other business entity need to grow to ensure survival and be able to compete in the market. According to Omondi (2017), the growth of Small and Medium Enterprises in any country is important since it implies growth in the economy and therefore more incentives need to be made to grow the sector. Zidana (2015) The contribution of small and medium scale businesses to socio-economic growth and development of nations takes many forms including boosting public revenue collections through various forms of taxation, provision of goods and services to the general public and, more importantly, poverty alleviation through creation of employment and economic empowerment of citizens.

Some of the factors in the growth of SMEs are profitability, customer retention, customer brand loyalty and competitive advantage. These can be attained by marketing their products and services to create awareness and to make their products and services quite attractive as compared to those of competitors. Therefore, depending on the size of an entity, life cycle stage of an entity and availability of resources, marketing objectives differ hence different marketing strategies. one element that can be included in the strategies is the adoption of digital marketing also known as online marketing.

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### **LITERATURE REVIEW**

According to Del Toro (2020), digital marketing combines digital technologies to contribute and facilitate marketing activities; its use, in general, makes the acquisition of goods and services profitable since it continuously increases the acquisition of customers. With this, digital technology and the development of the planned approach acquires strategic recognition and allow companies to improve their knowledge of the customer, as well as their tastes, preferences, and products (presentation, quality, quantity) to satisfy their needs.

In the contemporary business, environment businesses are tasked to satisfy customer needs and wants more than competitors do. Customers nowadays trust, like and buy from businesses they consider as putting customer needs. This element is referred to as Customer relationship management. According to Alqershi, Mokhtar and Abas (2020) customer relationship management is a business approach that understands and impacts customer behaviour through effective interactions with them to improve customer attraction, retention, loyalty, and ultimately profitability, CRM is important to vision and top management's CRM strategy for its employees.

This interaction between the organization and its employees is also important to ensure that the CRM process can be successful in achieving objectives and improving the performance of the organization. Successful CRM implementation can increase customer satisfaction and retention rate and also increase employee satisfaction and subsequently improve business performance.

Dastane (2020) states that in developed countries of America and some other European countries, Customer relationship management (CRM) is established as an approach to learn and influence customer behaviour by writing meaningful communications to get more customers and retain existing customers. CRM ensures customer loyalty and the profitability of the organization.

In support of the statement above, experts in the field of digital marketing consider that if a product or service is not found on the Internet, it simply does not exist as it not made known customers for purchase or response (Bricio Samaniego et al., 2018). Digital marketing is marketing component that capitalizes on the use of digital technologies, such as the Internet or social media applications (for example, Facebook, YouTube, Instagram, and Twitter), to deliver commercial messages directed to specific audiences on their smartphones, tablets, and computers. It is characterized by the interactivity and personalization of messages, as well as the ability to disseminate information about products using specific methods and volumes that exceed the capacity of traditional media (Amson, Remedios, Pinto and Kent, 2021).

## METHODOLOGY

The study will use a mixed methodological choice. First the study will use qualitative methodological choice to gather secondary data. The study will also include quantitative data in gathering primary data form respondents. qualitative methods aim to understand views of various individuals about events and situation, and, therefore, their attitudes and opinions about them (Fridolf & Arnavotic, 2011).

On the other hand, quantitative data aims to understand the relationship between an independent variable and one or more dependent variables.

## RESULTS AND DISCUSION

With the objective of the study to determine the impact of digital marketing on growth and development of SMEs in kasungu District, questionnaires were given to 103 SMEs across Kasungu, and 81 SMEs responded by returning the questionnaires. This gave the study a response rate of 78.6% with the other 21.4% not responding either because they were not willing to participate or could not answer the questionnaire in time required for the study.

**Table 1: Type of business distribution**

		Frequency	Percent	Cumulative Percent
Valid	LIMITED LIABILITY	1	1.2	1.2
	PARTNERSHIP	16	19.8	21.0
	SOLE PROPRIETOR	64	79.0	100.0
	Total	81	100.0	

Table 1 indicates the distribution of the type of business that the study sampled in Kasungu, Malawi. out of the 81 questionnaires that were responded to 79.0%(N=64) of them were sole proprietors, 19.8% (N=16) of them were partnerships while 1 company which represented 1.2% (N=1) was a limited liability company.

**Table 2: Number of employees' distribution**

		Frequency	Percent	Cumulative Percent
Valid	BETWEEN 21 &50	1	1.2	1.2
	BETWEEN 5 & 20	13	16.0	17.3
	LESS THAN 5	65	80.2	97.5
	MORE THAN 50	2	2.5	100.0
	Total	81	100.0	

Table 2 shows the distribution of the number of employees by the SMEs in Kasungu, Malawi. the study findings indicated that 80.2% (N=65) of the SMEs have less than 5 employees, 16.0% (N=13) of the SMEs endorsed that they have between 5 and 20 employees, 1.2% (N=1) had employees between 21 and 50 employees, while 2.4% (N=2) had employees more than 50.

**Table 3: Annual turnover distribution**

		Frequency	Percent	Cumulative Percent
Valid	BETWEEN 1 & 3 MILLION	8	9.9	9.9
	BETWEEN 3 & 5 MILLION	1	1.2	11.1

	LESS THAN 1 MILLION	71	87.7	98.8
	MORE THAN 5MILLION	1	1.2	100.0
	Total	81	100.0	

The above table 3 provides the distribution of annual turnover of SMEs in Kasungu district, Malawi. the study findings indicated that 87.7% (N=71) of the SMEs earn less than 1 million in a year, 9.9% (N=8) earn between 1 and 3 million in year, 1.2% (N=1) earn between 3 and 5 million a year while 1.2% (N=1) earn more than 5 million a year.

**Table 4: operational duration**

		Frequency	Percent	Cumulative Percent
Valid	BETWEEN 1-5 YEARS	30	37.0	37.0
	LESS THAN 1 YEAR	37	45.7	82.7
	MORE THAN 5 YEARS	14	17.3	100.0
	Total	81	100.0	

Table 4 provided information on how long a business has been in operation. From the study findings 45.7% (N=37) are young businesses having been in operational for less than a year, 37.0% (N=30) of the businesses have been in operation between 1 and 5 years and 17.3% (N=14) of the businesses have been in operation for more than 5 years.

**Table 5: Presence of Marketing Department**

		Frequency	Percent	Cumulative Percent
Valid	NO	68	84.0	84.0
	YES	13	16.0	100.0
	Total	81	100.0	

Table 5 above provides information on whether the SME has a formal marketing department in their entity. The results of the study showed that 84.0% (N=68) of the businesses had no formal marketing department. On other hand only 16.0%(N=13) of the businesses had a formal marketing department.

**Table 6: Capacity for accumulation of more clients**

		Frequency	Percent	Cumulative Percent
Valid	NO	30	37.0	37.0
	YES	51	63.0	100.0
	Total	81	100.0	

The table above gave information on whether the SME had capacity for more customers or clients. The study findings indicated that 63.0% (N=51) had the capacity to accumulate more clients if a situation arises while 37.0% (N=30) of the SMEs indicated having no capacity to grow.

**Table 7: Use of digital Marketing**

		Frequency	Percent	Cumulative Percent
Valid	NO	57	70.4	70.4
	YES	24	29.6	100.0
	Total	81	100.0	

Table 7 provides statistics on business use of digital use of digital marketing on brand awareness. According to the findings of the study, 70.4% (N=57) do not use digital marketing while only 29.6 % (N=24) of the SMEs use digital marketing for brand awareness.

## CONCLUSION

Upon analyzing the study findings, conclusions were made in regards to digital marketing adoption and impact on growth and development of SMEs. Thus, in terms of customer relationship and brand loyalty. From the study results, it can be concluded that digital marketing has a positive effect on

customer relationship management in Kasungu with a majority of respondents endorsing social media marketing, online marketing and mobile marketing as preferably used digital marketing platforms.

Looking at the first specific objective which focused on the effect of digital marketing on customer relationship management, high rates of positive responses were noted when each of the three digital marketing platforms was put on a Likert scale. The findings showed 48% of the respondents strongly agreed that social media marketing affects customer relationship management. While for Online marketing and mobile marketing respondents agreed with a 46% and 36% respectively.

The other objective was to assess the contribution of digital marketing on brand loyalty. From the findings we can conclude that digital marketing does not contribute much to brand loyalty. This is because few SMEs voted positively. Thus only a few for social media marketing. A majority of the respondents was on the negative side. This assumes there are other crucial factors that contribute to brand loyalty than digital marketing for SMEs in Kasungu, Malawi.

Lastly, the challenges experienced by SMEs with regards to the implementation of digital marketing were also analyzed and rated on the extent to which they affect adoption. From the findings, the study concluded that lack of relevant digital marketing techniques, lack of digital marketing knowledge and lack of finances were the main challenges that should be focused on in order to improve digital marketing adoption.

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