



## **Digital Marketing Strategy Optimization for SMEs: Challenging Obstacles and Boosting Competitiveness**

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### **Introduction:**

The world we live in today is driven by technological advancements in every aspect one can think of. In fact, there has been a significant drift towards digitization over the last decade. The growing digital world makes it imperative for small and medium-size enterprises to seize the opportunity thereby making it a hot area of recent research. Digitalization is therefore no longer a choice but a necessity to be adopted by SMEs for boosting the economy manifolds<sup>1</sup>. However there exists a gap for the SMEs in utilizing the opportunities the digital marketing must offer<sup>2</sup>. Although a challenge, it is a way to bring in a larger target as the traditional marketing techniques undoubtedly are hardly effective. Digital marketing not only aims at increasing brand visibility and driving sales but also at expanding the economy and success on a global scale<sup>3</sup>. Enabling to communicate without the barrier of distance and time is the most important attribute to be used by the SMEs. Proper usage of digital marketing by the SMEs would make it possible to come into the global market<sup>4</sup>.

Almost 95-99% of the world's companies are SMEs and are the most dominant pillars in the field of business<sup>5</sup>. Data by the Organization for Economic Growth and Development (OECD) shows that 95% of enterprises is represented by SMEs<sup>5</sup>. Noteworthy is that the SMEs are linked with the GDP. Statistical data of the World Economic Forum shows that 90% of the businesses worldwide is contributed by SMEs and outsizes the global economy.

However, adoption of digital marketing tools by SMEs is quite challenging thereby hindering the ability to compete on a global scale. Although it opens doors to numerous opportunities, the complexities are undeniable<sup>6</sup>. For a successful business, it is important that the company maintains a good relationship with the customer and must be advanced enough to know their future needs even before they know them. Some of the aspects that the internet could change in SMEs include collaboration, customization, accessibility, and customer-relationship marketing<sup>7</sup>. The lack of digital expertise and skills within the SMEs is a major setback that needs to be fixed. Limited access to advanced digital tools that includes automation is also a major difficulty<sup>8</sup>. Adding on to it is the issue of limited budget and incapacity in measuring econometrics.

The driving force to this research are questions that help on arriving at a suitable conclusion. The following questions need to be addressed in due course of the research:

1. Why are SMEs important?

This is crucial for the research as it is necessary to understand how significant the SMEs are not only locally but also globally and the need to introduce and broaden the marketing tools within this sector,

2. What are the aspects of SMEs that is linked with global economy?

It is important to know how the economy is affected by SMEs and find out ways that can increase their efficiency of competitiveness. It also a necessity to explore the possible doors that can lead to accessibility of modern tools by these enterprises.

3. What are the existing hurdles for SMEs with respect to digital marketing adoption?

It is equally important to understand the existing issues that serve as major obstacles for SMEs to adopt higher level tools and look for ways that enables them to fully utilize networking and artificial intelligence possible.

4. What are the strategies that could help in digital transformation in SMEs?

This research is not complete if the solution on digital transformation is not dealt with. Studies on how adoption of digital tools by SMEs is practically feasible is major aim of this proposal.

This research proposal aims to seek an analysis on the existing marketing practices of SMEs and identify the major obstacles preventing the proper utilization of the digital marketing to attain its full potential. This research also targets at proposing new strategies that aid enhance the marketing

capabilities that help boost the economy eventually. By giving SMEs useful insights to better their digital strategy and long-term competitiveness, this research will advance both academic knowledge and real-world applications.

### ***Rationale and Context:***

Abundant research has been done in the recent past on the significance of SMEs with emphasis on global economy and the different challenges persistent in attaining better efficiencies. However there has always been a gap between implementation of the digitization tools. Also, it is important to think of how tools like networking and artificial intelligence could help expand the marketing expertise to elevated levels. Therefore, this study aims to have a holistic analysis of not just data collection but also proposal of solutions to overcome the existing challenges.

### ***Aims and Objectives:***

The research questions lead to the following objectives that serve as a base for the study.

1. Identification of existing marketing practices in SMEs.
2. Analysis of the obstacles in the adoption of digital marketing tools.
3. Bridging the gap between lack of expertise and SMEs.
4. Awareness of the global economic impact of digitization by SMEs.
5. Integration of artificial intelligence and networking to improve marketing eventually.

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### **Literature:**

It has been well understood that SMEs are an essential source of economic growth and flexibility<sup>9</sup>. A study by Meghana et. al. was done on 47745 firms from almost ninety-nine countries in time limit of 2006 to 2010 and it clearly proves that SMEs are a major source of contribution to the labour employment<sup>10</sup>. Furthermore, the Steering group reports that a massive impact of 78% on the employment by SMEs is seen in countries with low income per capita than those with a larger income where it goes down to only 59%<sup>11</sup>.

Internet being introduced within the market is quite inevitable and has resulted in strategies that are now being rethought (Kozlenkova, Hult, Lund, Mena & Kecec, 2015)<sup>12</sup>. Services being promoted by internet based digitalized tools, are in fact an outcome of the recent changes prevalent among the consumers (Wang, Liu, Ma & Zhang, 2011)<sup>13</sup>. The revolution of technology has undoubtedly reached SMEs as well based on research (Octavia, Indrawijaya, Sriayudha, Heriberta, Hasbullah & Asrini, 2020)<sup>14</sup>.

Digital marketing is in a way a support system that enables enterprises to strengthen relationship with customers (Alford & Page, 2015)<sup>15</sup>. It not only helps to build an emotional connection but also strengthen the competitive position both locally and globally (Correia, et al., 2016)<sup>16</sup>.

The literature on digital marketing in SMEs has emphasized both the potential and the challenges these firms face. However, research by Ritz et al in 2019 highlighting the main factors influencing digital marketing adoption in SMEs like resource constraints, skill gaps and strategic awareness cannot be eliminated<sup>17</sup>. Studies by Dwivedi & Pawsey (2023)<sup>18</sup> and Eller et al. (2020)<sup>19</sup> suggest that SMEs frequently face difficulties in adopting advanced digital marketing tools such as automation, analytics, and content marketing strategies due to prohibitive costs and limited knowledge. Other key factors as stated by also include the age and size of SMEs depending on which the demographics of the companies in the market play a role in digital marketing adoption (Pradhan, 2020)<sup>20</sup>. Integration of digital tools come with a huge cost and is thus an obstacle to SMEs.

Recent times research shows that networking also plays a tremendous role in strengthening the value of SMEs. It is quite difficult to understand the behaviour of an individual firm without considering the network behind its working which undoubtedly comprises of interconnected businesses altogether (Öberg, 2019)<sup>21</sup>. Additionally, studies also reveal that those enterprises with extensive networking possess the scope of communicating the internal shortcomings which is a major advantage (Jin & Jung, 2016)<sup>22</sup>. Given the fact that SMEs inherently have a lack of resources and limitations, networking can open a whole new dimension (Gilmore, Carson, & Grant, 2001)<sup>23</sup>. Moreover, the importance of networking for small-sized firms are well-documented (Ahuja, 2000)<sup>24</sup>. It also becomes easier for firms to organise resources more efficiently with better networking with other business sectors (Ritvala & Salmi, 2010)<sup>25</sup>.

Another revolutionary tool is the Artificial Intelligence (AI), which in fact is turning out to be the new normal. Just like every other field, AI holds a promising future in the field of digital marketing as well. Adoption of AI tools by SMEs has probable benefits including productivity and reduction in costs (Chaudhuri et al., 2022)<sup>26</sup>. Although, it is important to note that complex AI tools may not be a solution with respect to SMEs (Moeuf et al., 2020)<sup>27</sup> and therefore the aim is always to keep it simple. Factors like the capability of the organization and the environmental influences should be carefully considered for adoption of AI tools by SMEs (El- Haddadeh, 2020)<sup>28</sup>. AI has the capability to help overcome the ability of SMEs to face the existing challenges thereby increasing their productivity (Skare et al., 2023)<sup>29</sup>. Empirical studies have also been carried out revealing that the implementation of AI tools can lead to better customer satisfaction and experience with an enhanced degree of reliability, leading to better opportunities (Rizomyliotis et al., 2022)<sup>30</sup>.

But according to Ritz et al.'s (2019) research, small firms who successfully use digital marketing tactics enjoy notable increases in revenue production, consumer engagement, and brand awareness. Another important source of competitive advantage is the capacity to monitor marketing performance using data analytics. Yet, while the literature outlines various strategies for digital marketing, there is a lack of structured frameworks specifically designed for SMEs. This research aims to fill that gap by creating a comprehensive guide to help SMEs leverage digital marketing tools effectively, overcoming the challenges identified in the literature<sup>31</sup>.

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### **Proposed Methodology:**

The goal of this study is to incorporate both quantitative and qualitative research techniques enabling a more comprehensive analysis of the opportunities and challenges in SME digital marketing thereby providing both deeper contextual understanding and general statistical insights. Consequently, it can be divided into three main stages:

Phase 1: Using a standardized questionnaire, SMEs in the UK will be surveyed about their present digital marketing methods, the challenges they encounter, and the efficacy of these tactics. This would provide sufficient data that could help in the analysis of how efficient the current tools are. It would also give an idea on how to elevate the productivity in a better way.

Phase 2: Interviews will be done with SME managers who managed to utilize digital marketing tools. This will help to identify the practical challenges that make SME digital marketing campaigns successful. Case studies of successful SMEs will be examined to identify the best practices and key factors that led to their success.

Phase 3: Propose a framework that includes networking and AI tools to be used by SMEs to further improve tactics as current trends revolve around the internet of things and is prevalent in the marketing industry too making it detrimental to be integrated into SMEs as well.

### **Expected Contribution and Impact:**

The major impact of the study is to help SMEs to have a clear understanding of how significantly they contribute to the global economy. Also, it aims to propose better strategic approaches to SMEs to adopt digital tools that help them in dealing with competitiveness and long-term success.

### **Ethical Considerations:**

Considering the nature of this research, it is important to think about the ethical factors as well. Respect and courtesy will never be compromised at any cost. Important ethical considerations include obtaining informed consent from all participants, which guarantees that they are aware of the study's purpose and their rights; always maintaining confidentiality, with personal and business information anonymized during data analysis; and adhering to GDPR regulations for data protection, which guarantees that all data is securely stored and only available to the research team. Confidentiality and anonymity will be maintained where necessary.

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### **Conclusion:**

This study will show a detailed analysis of the significance of SMEs in global economy. Primary objective of identifying the obstacles that exist within this platform will be carefully examined. The framework will mainly prioritize on bridging the gap between the technical expertise and the SMEs so as to bring about a holistic approach and broaden the opportunities in terms of world economy. Further, incorporation of digitization tools like artificial intelligence and networking within the SMEs community will ultimately result in a rise in their marketing strategy.

### **Conflict of Interest:**

The author declares no conflicts of interest.

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