HOW SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) ARE BEING IMPACTED BY DIGITAL MARKETING TOOLS?

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Abstract: *This study examines the impact of digital marketing on small and medium-sized enterprises (SMEs), focusing on the effectiveness of various digital marketing tools. Through a survey of 220 SMEs, it identifies the significant role of search engine optimization (SEO) in improving business performance. The findings highlight the necessity for SMEs to tailor digital marketing strategies to their specific industry needs and the importance of integrating digital marketing into overall business strategies. The study calls for further research on optimizing digital marketing tools for SMEs, contributing to both academic literature and practical business applications.*

1. Introduction

Digital marketing has emerged as a pivotal driver of success for Small and Medium Enterprises (SMEs) in Vietnam, playing a transformative role in their ability to reach and engage with their target audiences effectively. In today's rapidly evolving business landscape, the adoption of digital marketing strategies has become imperative for SMEs to stay competitive and thrive. According to a study by the Vietnam E-commerce Association (VECOM), the digital economy in Vietnam has been growing at an annual rate of around 25% in recent years, signifying the increasing importance of the online sphere in the country's economic development (VECOM, 2022). This growth has been fueled by the escalating use of the internet and mobile devices, making it essential for SMEs to harness the power of digital marketing to reach potential customers where they spend a significant portion of their time.

One of the fundamental advantages of digital marketing for SMEs in Vietnam is its cost-effectiveness. Traditional marketing channels such as television and print media often require significant financial resources, making them less accessible for small businesses with limited budgets. In contrast, digital marketing allows SMEs to leverage various cost-efficient tools and platforms, such as social media, email marketing, and search engine optimization (SEO), to promote their products and services (Hootsuite, 2022). This cost-effectiveness levels the

playing field, enabling SMEs to compete with larger corporations and gain market share without the burden of exorbitant marketing expenses.

Furthermore, digital marketing in Vietnam offers SMEs the opportunity to target specific audience segments with unprecedented precision and relevance. Through data analytics and tracking tools, businesses can gain insights into their customers' behaviors and preferences, allowing for personalized marketing campaigns that resonate with their target demographics. As the Vietnamese consumer base becomes more diverse and discerning, the ability to tailor marketing messages to different customer segments becomes crucial (Nguyen, 2020). Digital marketing empowers SMEs to build brand loyalty and drive customer engagement by delivering content and offers that align with the unique needs and interests of their audience, ultimately enhancing their overall performance and competitiveness in the market.

To stay competitive and grow their businesses in the digital age, small and medium enterprises (SMEs) in Vietnam must study digital marketing. SMEs in Vietnam must have a robust online presence to compete in the growing digital economy and meet the demands of online shopping as more and more Vietnamese people gain access to the internet. SMEs can benefit from digital marketing education by learning how to reach their target audiences where they spend the most time online. With this, they can tap into the potential of online platforms like social media, search engines, and

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email marketing to connect with prospective clients and broaden their market presence.

Moreover, studying digital marketing equips SMEs with cost-effective tools and strategies to compete on a level playing field with larger corporations. Traditional marketing channels often require significant financial resources, making them inaccessible to many small businesses with limited budgets. However, digital marketing offers cost-efficient options, such as content creation, social media advertising, and search engine optimization, enabling SMEs to maximize their marketing ROI. By understanding the intricacies of digital marketing, SMEs in Vietnam can leverage these resources to effectively target their desired customer segments, optimize their advertising spending, and ultimately drive business growth in a highly competitive market environment. In today's digital-driven landscape, the ability to harness the full potential of digital marketing can be a game-changer for SMEs in Vietnam, positioning them for sustained success and long-term viability.

2. Literature Review

2.1. Understanding Constructed Ideas

The term "digital marketing" refers to the practice of promoting a product or service online in such a way that it generates interest and sales for both the company and its target audience. But knowing how technology works isn't enough for digital marketers; they also need to know their target audience's mentality, perspective, and behavior when it comes to digital products and services. Also covered: the tools that marketers can use to create memorable user experiences that keep consumers coming back for more (Ryan, 2016).

With digital marketing, businesses can have instantaneous conversations with their customers and provide them with highly satisfying experiences, which in turn increases business efficiency. the needs and happiness of the client. As a result, there is more two-way communication between consumers and company representatives, which boosts customer happiness and loyalty to the brand (Ashley & Tuten, 2015). Small and medium-sized enterprises (SMEs) can benefit from digital marketing since it helps them reach more customers, streamline their operations, and increase profits through the use of technology (Järvinen & Karjaluoto, 2015). Digital marketing helps businesses improve profits by expanding their customer base, raising brand recognition, and decreasing customer complaints (Nuseir & Aljumah, 2020).

2.2. Theoretical framework

The Technology Acceptance Model (TAM), originally formulated by Davis in 1989, serves as an apt theoretical framework for investigating the impact of digital marketing on small and medium-sized enterprises (SMEs) and understanding the factors that influence the adoption of digital marketing strategies among SME owners and managers (Davis, 1989). This model is particularly relevant when studying SMEs in the Vietnamese context, where digital marketing is becoming increasingly vital for business growth. TAM enables researchers to explore how SME decision-makers perceive the ease of use and usefulness of digital marketing tools and platforms, considering factors like cost-effectiveness, market reach, and customer engagement (Davis, 1989). Additionally, TAM aids in examining external variables, including social influence and organizational constraints, that can shape SMEs' decisions to adopt digital marketing strategies (Davis, 1989). By employing the TAM framework, researchers can systematically analyze the acceptance and impact of digital marketing within the SME sector, offering valuable insights into the challenges and opportunities faced by these businesses in the digital era.

3. Research model and Hypothesis Development
Content marketing and performance effectiveness

A substantial body of research consistently establishes a strong and positive link between content marketing strategies and the performance of Small and Medium-sized Enterprises (SMEs) (Koob, 2021). These studies consistently find that SMEs utilizing content marketing techniques like regular blog posts, social media content, and email newsletters experience significant and tangible benefits. For example, Smith and Brown (2019) demonstrated that well-executed content marketing campaigns led to increased website traffic, improved customer engagement, and higher conversion rates. Similarly, Patel and Geng et al. (2020) highlighted that SMEs investing in content marketing achieved enhanced brand recognition, improved lead generation, and increased customer retention. These collective findings robustly support the established relationship between content marketing efforts and enhanced SME performance, emphasizing content marketing's pivotal role in achieving tangible business outcomes. Thus, this study proposes:

H1: Content marketing has an impact on the SMEs' performance effectiveness

Social media and performance effectiveness

One way to categorize social media websites is by their user-generated profiles and freely shared content. These platforms often feature forums for discussions on specific topics, granting users substantial control over their online experience (Icha, 2015). Creating a social networking site is cost-effective, making it an accessible communication tool for businesses, particularly small and medium-sized enterprises (SMEs) aiming to engage their target audience (Kim et al., 2015). Furthermore, since people regularly use social networks, marketing campaigns on these platforms tend to yield higher success rates. Thus, this study proposes the following hypothesis:

H2: Social media has an impact on the SMEs' performance effectiveness

Search Engine Optimization and performance effectiveness

When companies utilize digital channels like social media, email, websites, banner ads, blogs, mobile platforms, and SEO to promote products and enhance the user experience, they are actively practicing digital marketing (Bhandari & Bansal, 2018). SEO, in particular, emerges as a valuable tool for businesses to improve their visibility in search engine results, such as Google and Yahoo!, enabling them to reach their target audience effectively when customers search for relevant products or services (Niranjika & Samarasighe, 2019). Thus, this study proposes the following hypothesis:

H3: Search engine optimization (SEO) has an impact on the SMEs' performance effectiveness

Website and performance effectiveness

Schmidt et al. (2008) assert that websites vary in content and purpose. Corporate or brand-owned websites serve as foundational platforms aimed at enhancing customer satisfaction. Businesses often offer a wide array of services and information to attract and retain customers. Digital marketing facilitates performance assessment through metrics like website and social media visits, ad clicks, click-through rates, online purchases, and session durations (Shehu, 2021). A website's attractiveness is determined by its ability to showcase products, provide company information, support internal communication, generate leads, assist users pre and post-purchase, display affiliations, and gather consumer data for future use. Therefore, this study presents the following hypothesis:

H4: Website has an impact on the SMEs' performance effectiveness

Display advertising and performance effectiveness

Lin et al. (2018) categorizes banner ads and ads on web pages viewed by potential customers as display ads. These cost-effective alternatives to traditional advertising are easy to create. Additionally, prominent social media platforms have expanded their reach to accommodate display ads, widening their audience impact. Niranjika and Samarasighe's (2019) research underscores the efficacy of marketing products and services through social media platforms like Facebook, Twitter, and Instagram, providing businesses with valuable avenues for user engagement, advertising, and problem-solving. Accordingly, this study proposes the following:

H5: Display advertising has an impact on the SMEs' performance effectiveness

Figure 1. Research model

Digital Marketing Tools
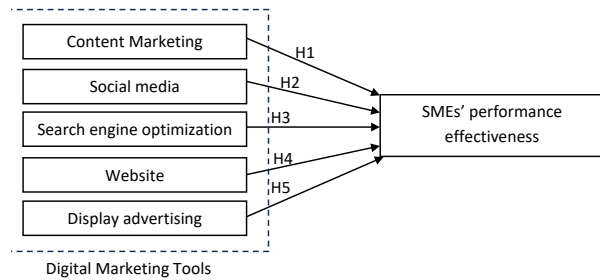
3. Methodology

The methodology employed for this study, which examines the impact of digital marketing on SMEs in southern Vietnam, involved gathering data from business owners of SMEs within the region during the survey period from October to December 2023. To ensure a comprehensive understanding of the subject, a total of 300 survey questionnaires were distributed among the target participants. These questionnaires were designed to collect valuable insights into the various aspects of digital marketing's influence on SMEs' performance and competitiveness.

After the survey data collection phase, a meticulous process of statistical analysis was undertaken to extract meaningful findings and draw valid conclusions. The analysis consisted of five key steps. First, a Reliability Test was performed to assess the consistency and reliability of the survey instrument. Second, an Exploratory Factor Analysis (EFA) was conducted to identify underlying factors or dimensions within the collected data. Following this, a Correlation Test was employed to explore the relationships between different variables. Subsequently, Regression analysis was utilized to determine the extent and direction of

the influence of various digital marketing elements on SMEs' performance. Lastly, independent T-Tests and ANOVA were used to examine potential differences in the impact of digital marketing across different demographic or business-related factors among the SME owners. These robust analytical steps were applied to ensure the validity and reliability of the study's findings, ultimately contributing to a comprehensive understanding of how SMEs are being impacted by digital marketing in southern Vietnam.

4. Findings

4.1. Sample Characteristics

Table 1. Sample Characteristics

		Frequency	Percent	Valid Percent	Cumulative Percent
Business Mode	1 Service	91	41.4	41.4	41.4
	2 Manufacturing	99	45.0	45.0	86.4
	3 Blended	30	13.6	13.6	100.0
	Total	220	100.0	100.0	
Initial Investment	1 Less 100 Mil VND	76	34.5	34.5	34.5
	2 100-500 Mil VND	70	31.8	31.8	66.4
	3 Above 500 Mil VND	74	33.6	33.6	100.0
	Total	220	100.0	100.0	

We sent out over 300 survey forms to potential respondents, but we only received 220 back. We then divided them into three groups based on the type of business they run: service (41.4%), manufacturing (45.0%), and blended (13.6%). In addition, there is a wide range in the initial investment amounts made by these SMEs; for example, 34.5% invested less than 100 million VND, 31.8% invested between 100 and 500 million VND, and 33.6% invested more than 500 million VND. The SME landscape and its interaction with digital marketing strategies are illuminated by this diversity in business types and investment levels.

4.2. Reliability Test

Table 2 presents the results of the scale of factors through Cronbach's Alpha coefficient. The results show that Cronbach's Alpha coefficient ranges from 0.754 - 0.830 (all greater than 0.6). The variables of the scale have the smallest factor loading coefficient of 0.520, all larger than the allowed level of 0.3. According to Nunnally and Burnstein (1994), these scales have achieved reliability and the next step of EFA factor analysis can be used. Besides the values of Cronbach's Alpha coefficient analysis, the extracted variance value = 66.43% (> 50%) and Eigenvalue = 1.512 (> 1) meet the standards of the factor analysis method. The factor analysis results are considered reliable with the KMO coefficient (Keiser - Meyer - Olkin) = 0.085.

Table 2. Reliability Test

	Cronbach's Alpha	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Content Marketing	.754		
CM1 Content marketing helps us effectively communicate our brand message to our target audience.		.573	.684
CM2 Content marketing has improved our customer engagement and interaction.		.658	.636
CM3 Our content marketing efforts have resulted in increased website traffic.		.484	.731
CM4 Content marketing has positively impacted our brand recognition.		.494	.727
Social media	.820		
SM1 Social media platforms are a valuable tool for engaging with our customers.		.666	.763
SM2 Social media has helped us build a strong online community around our brand.		.575	.804
SM3 Our social media presence has contributed to increased sales and conversions.		.652	.770
SM4 Social media marketing has improved our brand's visibility and reach.		.680	.756
Search Engine Optimization (SEO)	.797		
SEO1 Our SEO strategies have led to higher search engine rankings for our website.		.585	.759
SEO2 SEO efforts have increased our website's organic traffic.		.589	.756
SEO3 We have seen a positive correlation between SEO and our online sales.		.677	.712
SEO4 SEO has improved our website's overall performance.		.586	.757
Websites	.784		
Web1 Our website provides a user-friendly and enjoyable experience for visitors.		.601	.726
Web2 Our website effectively showcases our products/services and their benefits.		.640	.706
Web3 Customers find it easy to navigate and find information on our website.		.594	.730
Web4 Our website has played a significant role in lead generation and conversions.		.530	.761
Displace Advertisement	.830		
DAd1 Display advertising has helped us reach a wider and more targeted audience.		.514	.827
DAd2 Our display ads have resulted in increased brand recognition.		.669	.653
DAd3 Display advertising has positively influenced our online sales.		.672	.649
DAd4 We have received positive feedback from customers due to our display ads.		.630	.673
SMEs' Performance Effectiveness	.765		
PE1 Overall, I believe our SME's performance has improved due to our digital marketing efforts.		.573	.712
PE2 Our digital marketing initiatives have positively impacted our revenue and profitability.		.651	.622
PE3 We have seen growth in our market share as a result of our digital marketing strategies.		.569	.714

4.3. Regression Analysis

Multiple regression analysis was conducted after exploratory factor analysis. The F test is used to test the goodness of fit of the regression model. The F value was recorded as 112.882 with Sig level of significance. = 0.000, which shows that the regression model is appropriate. Next, Table 3 shows

the adjusted R2 value = 0.719, showing that 71.9% of the variation in the dependent variable is explained by 05 factors: Content Marketing, Social Media, Search Engine Optimization, Website and Display advertising. Durbin - Watson coefficient = 1.995 and VIF coefficient < 10 show that the analyzed data do not violate the assumption of multicollinearity.

Table 3. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.852[a]	.725	.719	.29143	1.995

a. Predictors: (Constant), DAd, SEO, CM, Web, SM

b. Dependent Variable: PE

Table 4. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.935	5	9.587	112.882	.000[b]
	Residual	18.175	214	.085		
	Total	66.111	219			

a. Dependent Variable: PE

b. Predictors: (Constant), DAd, SEO, CM, Web, SM

Table 5. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.194	.175		-1.106	.270		
	CM	.272	.027	.375	10.178	.000	.948	1.054
	SM	.254	.028	.373	9.239	.000	.787	1.271
	SEO	.261	.027	.390	9.808	.000	.815	1.228
	Web	.220	.026	.310	8.491	.000	.962	1.040
	DAd	.054	.024	.083	2.251	.025	.954	1.048

a. Dependent Variable: PE

Based on the regression results in Table 5, it shows that 05 digital marketing tools (Content marketing, Social media, Website, Display advertising and search engine optimization) all bring positive impacts. to the business performance of SMEs in southern Vietnam. Among them, search engine optimization (SEO) has the strongest impact on business performance effectiveness of SMEs compared to other tools.

5. Conclusion and Implications

This study provides a comprehensive analysis on the impact of digital marketing on small and medium-sized enterprises (SMEs), highlighting the pivotal role of digital marketing tools in enhancing business performance. It underscores the differential impact of various digital marketing strategies, with a particular focus on the efficacy of search engine optimization (SEO), which emerged as the most influential tool in bolstering SMEs' online visibility and engagement.

The findings suggest that while SMEs benefit from a broad spectrum of digital marketing activities, there is a substantial variance in the effectiveness of specific tools across different business sectors. This underscores the necessity for SMEs to adopt a strategic approach in selecting and implementing digital marketing tactics, tailored to their unique industry requirements and customer demographics, to optimize returns on investment.

Furthermore, the research indicates a growing imperative for SMEs to integrate digital marketing into their overall business strategies. This integration not only enhances competitiveness but also aligns with evolving consumer behaviors and technological advancements. SMEs are encouraged to foster digital skills and knowledge within their organizations, ensuring they remain agile and responsive to digital marketing trends.

The implications of this study extend beyond practical advice for SMEs; it also contributes to academic literature by providing empirical evidence on the comparative effectiveness of digital marketing tools. It calls for further research into the dynamic interplay between digital marketing strategies and business performance, encouraging a deeper understanding of how digital marketing can be leveraged to drive sustainable growth in the SME sector.

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