

## The Role of Digital Marketing in Enhancing the Growth of Small and Medium Enterprises in Port Harcourt Metropolis, Rivers State, Nigeria

Ebiye George<sup>1</sup>, Tamaranebi Oge<sup>2</sup> and John, Oke Christopher<sup>3</sup>

### Abstract

Digital marketing has emerged as a transformative force for small and medium enterprises (SMEs), especially in developing economies where traditional marketing channels are limited or ineffective. This study examines the relationship between digital marketing and SMEs' growth in Port Harcourt Metropolis, Rivers State, Nigeria. A mixed-methods research design was adopted, involving surveys with 150 SME owners and interviews with 10 stakeholders. Regression analysis and thematic evaluation were used to explore the extent of digital marketing adoption, its impact on business growth, and challenges to implementation. Findings show that while digital marketing improves customer engagement and brand awareness, adoption is limited by infrastructure deficits, low digital literacy, and affordability concerns. Policy recommendations are provided to enhance digital adoption and build SME competitiveness.

**Keywords:** Digital Marketing, SME Growth, Port Harcourt, Regression Analysis, Digital Infrastructure, Nigeria.

### Introduction

Small and Medium Enterprises (SMEs) are considered the bedrock of most developing economies. In Nigeria, they account for over 96% of businesses and contribute approximately 48% of the national GDP, employing more than 80% of the labour force (SMEDAN, 2021). SMEs are considered to be the strongest driver of innovation in an economy; many SMEs are

- 
1. Bayelsa Medical University, Imgbi road, Yenagoa, Bayelsa State, Nigeria; [ebiyegeorge22@gmail.com](mailto:ebiyegeorge22@gmail.com)
  2. Department of Economics, Faculty of Social Sciences, Ignatius Ajuru University of Education, Port Harcourt, Rivers State; [henryfayol93@gmail.com](mailto:henryfayol93@gmail.com)
  3. Department of Economics, Faculty of Social Sciences, Ignatius Ajuru University of Education, Portharcourt, Rivers State; [Johnokechristopher@gmail.com](mailto:Johnokechristopher@gmail.com)

part of the supply chains for large companies in several countries, SMEs range from traditional craft firms to pioneering high-tech companies (Akinwale & Ogunyomi, 2018). Despite this economic relevance, many Nigerian SMEs face serious limitations in operational efficiency, customer engagement, brand positioning, and scalability due to underdeveloped marketing infrastructure and overreliance on traditional methods such as print, radio, and word-of-mouth advertising (Adebisi & Gbegi, 2019). With increasing internet penetration and mobile device adoption in Nigeria now exceeding 100 million active users (Internet World Stats, 2023) the digital environment presents vast untapped opportunities for SMEs. Digital marketing offers cost-effective and scalable strategies that allow businesses to interact directly with target audiences, analyze customer behaviour in real-time, and tailor offerings based on data-driven insights (Chaffey & Ellis-Chadwick, 2022).

Port Harcourt, as a commercial and industrial hub of southern Nigeria, presents a unique case. While it boasts a vibrant entrepreneurial ecosystem, especially in the retail, services, and informal sectors, the uptake of digital innovation remains suboptimal. Factors such as poor internet access, limited training programs, and skepticism about digital investment returns have slowed down digital transformation among SMEs. Therefore, this study explores how SMEs in Port Harcourt leverage digital marketing tools such as social media, SEO, and email marketing to achieve growth, and how infrastructural, educational, and economic factors either support or constrain this adoption. The focus is not merely on the availability of digital platforms, but also on SMEs' strategic utilization of these tools to enhance customer acquisition, sales growth, and market expansion.

### **Literature Review and Theoretical Framework**

The literature on digital marketing and SMEs' growth presents a broad but fragmented narrative. Globally, researchers have established that digital marketing enhances visibility, customer interaction, and brand loyalty for small businesses (He et al., 2021). Chaffey and Ellis-Chadwick (2022) highlight how digital strategies such as SEO, content marketing, and social media optimization enable firms to compete effectively, even without massive advertising budgets. In the African context, however, the literature tends to highlight barriers more than successes. According to Ojo and Fapohunda (2021), digital marketing adoption in Nigeria is unevenly distributed and highly urban-centric. Studies by Osalor (2021) and Oyelaran-Oyeyinka (2020) further identify challenges like poor broadband penetration, digital skill gaps, and regulatory bottlenecks that hamper SMEs from fully leveraging the digital economy. While studies have touched on the national picture of SMEs' digital challenges, far fewer have drilled down into sub-national ecosystems like Port Harcourt, despite its industrial importance. This geographic gap is significant, as regional disparities in infrastructure, policy implementation, and entrepreneurial culture may drastically alter digital marketing adoption rates and outcomes. Moreover, few studies explicitly connect specific digital marketing tools (e.g., Facebook Ads, SEO) to measurable business performance outcomes (e.g., revenue growth, customer base

expansion) using a rigorous mixed-methods approach. This study fills that void by combining regression analysis and thematic interviews to produce a contextualized understanding of digital marketing's impact.

### **Theoretical Framework**

Two theoretical frameworks ground this study: the Technology Acceptance Model (TAM) and the Resource-Based View (RBV).

#### **1. Technology Acceptance Model (TAM) – Davis (1989)**

TAM posits that technology adoption is primarily influenced by two beliefs:

- Perceived Usefulness (PU): The degree to which an individual believes that using a particular system would enhance performance.
- Perceived Ease of Use (PEOU): The extent to which one believes that using the system would be free from effort.

For SMEs, the decision to adopt digital marketing tools is shaped by how effective the tools appear in improving market reach or customer conversion and how easy they are to use without hiring external consultants (Davis, 1989). In this study, TAM helps evaluate whether SME owners in Port Harcourt see digital tools as practical and user-friendly enough to integrate into business operations.

#### **2. Resource-Based View (RBV) – Barney (1991)**

RBV suggests that competitive advantage arises from firm-specific resources that are valuable, rare, inimitable, and non-substitutable (VRIN). In the context of digital marketing:

- Valuable Resources: High digital literacy, strong customer analytics.
- Rare Resources: Early adoption of platforms like SEO or email automation.
- Inimitable: Custom content strategies and niche targeting.
- Non-Substitutable: Digital customer relationship management (CRM) systems.

By applying RBV, this study assesses how SMEs' internal capabilities (e.g., staff expertise, ICT tools) condition their ability to convert digital strategies into growth outcomes. Together, TAM and RBV provide a dual lens; behavioral and resource-based to interpret both the motivations behind adoption and the capacity for sustained implementation of digital marketing strategies.

### **Research Objectives**

This study aims to explore how digital marketing contributes to SMEs' growth in Port Harcourt. Specifically, it seeks to:

1. Examine the relationship between digital marketing and SMEs' growth.
2. Identify barriers to digital marketing adoption among SMEs.

## Methodology

A mixed-methods approach was employed.

### Quantitative Phase

A structured questionnaire was administered to 150 SME owners across three sectors: retail, services, and manufacturing. Stratified random sampling was used to ensure representation. Descriptive statistics provided an overview of adoption levels, while regression analysis was used to evaluate the relationship between digital marketing tools and SME growth.

### Model Specification:

$$Y = \beta_0 + \beta_1 (\text{Social Media}) + \beta_2 (\text{Email Marketing}) + \beta_3 (\text{SEO}) + \varepsilon$$

Where:

- $Y$  = SME growth (measured by revenue increase, market expansion, and brand visibility)
- $\beta_1 - \beta_3$  = predictive coefficients
- $\varepsilon$  = error term

### Qualitative Phase

Ten semi-structured interviews were conducted with SME owners, digital marketing consultants, and policy stakeholders in Port Harcourt. Thematic analysis was applied to categorize responses around awareness, infrastructure, and training barriers.

## Findings and Analysis

### Descriptive Statistics

**Table 1: Digital Marketing Adoption by Sector**

Sector	Adoption Rate (%)
Retail	42%
Services	31%
Manufacturing	22%

In total, only 35% of surveyed SMEs use at least one digital marketing tool. Retail businesses were the highest adopters, leveraging platforms like Facebook and WhatsApp for customer outreach.

## Regression Analysis

**Table 2: Regression Model Results**

Predictor	Coefficient ( $\beta$ )	p-value	Significance
Social Media	0.47	0.01	Significant
Email Marketing	0.19	0.08	Not Significant
SEO	0.32	0.04	Significant

- $R^2 = 0.62$ , indicating that 62% of the variation in SME growth is explained by digital marketing.
- Social media had the strongest influence, particularly on customer acquisition and feedback loops.
- SEO also showed a significant relationship, while email marketing was not statistically significant.

## Thematic Analysis

Three dominant themes emerged from the interviews:

### 1. Poor Infrastructure

“We often lose connection mid-campaign. It’s frustrating.” — *SME Owner, Retail*

### 2. Digital Illiteracy

“We hear about SEO, but no one knows how it works.” — *Retail Operator*

### 3. Affordability Concerns

“Facebook ads are expensive for a small shop like mine.” — *Boutique Owner*

Many SMEs lacked strategic understanding of digital campaigns, and few were aware of public or private sector initiatives that support digital integration.

## Policy Recommendations

To enhance digital marketing adoption and impact among SMEs, the following measures are recommended:

- Government should invest in reliable broadband and electricity in Port Harcourt.
- Public-private partnerships should deliver targeted training in digital marketing.
- Government should introduce grants or tax rebates for SMEs adopting certified digital strategies.
- Government should create local centers where SMEs can access affordable tools, mentorship, and support services.

## Conclusion

This study confirms that digital marketing—especially through social media and SEO—has a measurable and statistically significant impact on SMEs’ growth in Port Harcourt. However, challenges such as poor infrastructure, limited awareness, and affordability hinder wider adoption. Addressing these barriers through strategic policy interventions can foster inclusive entrepreneurial development and digitize Nigeria’s local economies more effectively.

## References

- Adebisi, J. F., & Gbegi, D. O. (2019). Taxation as a tool for poverty reduction: An empirical study of small and medium scale enterprises in Nigeria. *International Journal of Business and Social Science*, 10(2), 112–121.
- Adesanya, T. O., Akeem, A. K., & Oluwadare, S. A. (2022). Digital infrastructure and its impact on SME growth in Nigeria. *Journal of Economic Policy*, 4(3), 55–67.
- Akinwale, A. A., & Ogunyomi, P. O. (2018). Employee Engagement and Financial Performance among SMEs in Lagos State, Nigeria. *Àgidigbo: ABUAD Journal of the Humanities*, 6(1), 21–33. <https://doi.org/10.53982/agidigbo.2018.0601.03-j>
- Ayyagari, M., Beck, T., & Demircuc-Kunt, A. (2020). Small and medium enterprises across the globe: A new database. *World Bank Economic Review*, 35(3), 441–465. <https://doi.org/10.1093/wber/lhz014>
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Chaffey, D., & Ellis-Chadwick, F. (2022). *Digital marketing: Strategy, implementation, and practice* (8th ed.). Pearson Education.
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340. <https://doi.org/10.2307/249008>
- He, W., Wang, F., & Zha, S. (2021). Examining the role of digital marketing in small business growth: A global perspective. *Journal of Small Business and Enterprise Development*, 28(5), 711–729. <https://doi.org/10.1108/JSBED-11-2020-0415>
- Internet World Stats. (2023). *Nigeria internet usage and telecommunications report*. Retrieved from <https://www.internetworldstats.com/africa.htm#ng>
- Ojo, A., & Fapohunda, O. (2021). Digital marketing adoption among SMEs: Evidence from Nigeria. *Journal of Digital Commerce*, 7(1), 12–23.
- Osolor, P. (2021). Barriers to digital marketing for Nigerian SMEs. *African Business Review*, 8(4), 34–41.
- Oyelaran-Oyeyinka, B. (2020). Industrialization pathways to human development: Industrial policy and structural transformation in Africa. *Journal of Development Studies*, 56(2), 277–297. <https://doi.org/10.1080/00220388.2019.1650163>
- SMEDAN. (2021). *National survey of micro, small & medium enterprises (MSMEs) in Nigeria*. Small and Medium Enterprises Development Agency of Nigeria. Retrieved from <http://smedan.gov.ng>

## Appendix

### QUESTIONNAIRE: DIGITAL MARKETING AND SME GROWTH IN PORT HARCOURT

#### SECTION A: Demographic and Business Profile

1. What is the name of your business? (*Optional*)
2. What is your gender?
  - ☐ Male
  - ☐ Female
  - ☐ Prefer not to say
3. What is your age group?
  - ☐ Under 25
  - ☐ 25–34
  - ☐ 35–44
  - ☐ 45–54
  - ☐ 55 and above
4. What is your highest level of education?
  - ☐ Primary
  - ☐ Secondary
  - ☐ Diploma/NCE
  - ☐ Bachelor's degree
  - ☐ Postgraduate degree
5. In what industry is your SME operating?
  - ☐ Retail
  - ☐ Services
  - ☐ Manufacturing
  - ☐ Other: \_\_\_\_\_
6. How long has your business been in operation?
  - ☐ Less than 1 year
  - ☐ 1–3 years
  - ☐ 4–7 years
  - ☐ 8 years and above
7. What is your business size in terms of employees?
  - ☐ 1–5
  - ☐ 6–20
  - ☐ 21–50
  - ☐ Above 50

**SECTION B: Digital Marketing Adoption**

8. Does your business currently use any form of digital marketing?
- ☐ Yes
  - ☐ No
9. If yes, which digital marketing channels do you use? *(Select all that apply)*
- ☐ Social Media (e.g., Facebook, Instagram)
  - ☐ Email Marketing
  - ☐ SEO (Search Engine Optimization)
  - ☐ Paid Ads (Google Ads, Social Media Ads)
  - ☐ Website/Blog
  - ☐ SMS Marketing
10. How frequently do you use digital marketing tools?
- ☐ Daily
  - ☐ Weekly
  - ☐ Occasionally
  - ☐ Rarely
11. What motivated you to adopt digital marketing? *(Select all that apply)*
- ☐ Increase sales
  - ☐ Improve brand awareness
  - ☐ Compete with bigger businesses
  - ☐ Follow trends
  - ☐ Low cost
  - ☐ Customer engagement

**SECTION C: Impact on Business Performance**

12. Since adopting digital marketing, how has your business performance changed?

*(Rate each item on a 5-point scale: 1 = No improvement, 5 = Very significant improvement)*

Indicator	1	2	3	4	5
Sales revenue					
Customer base					
Brand visibility					
Customer engagement and feedback					
Market reach					



13. What challenges have you faced in using digital marketing? *(Select all that apply)*

- ☐ Poor internet connectivity
- ☐ High cost of tools/ads
- ☐ Lack of digital skills
- ☐ No time to manage campaigns
- ☐ Uncertainty about ROI
- ☐ Prefer traditional methods

14. Are you measuring the return on investment (ROI) of your digital marketing efforts?

- ☐ Yes
- ☐ No
- ☐ I don't know how

**SECTION D: Perception and Capacity (TAM & RBV)**

15. I believe digital marketing is useful for growing my business.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

16. I find digital marketing tools easy to learn and use.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

17. My business has the internal resources (e.g., staff, devices, knowledge) to manage digital marketing effectively.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

18. I am willing to invest more in digital marketing if infrastructure and skills improve.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly Disagree

19. What support do you think would help your SME benefit more from digital marketing?  
(Open-ended)

---

---