

Marketing of SMEs in the digital age: Challenges and issues

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Abstract:

Digital marketing is revolutionizing organizational structures including businesses, especially Moroccan SMEs, offering a set of opportunities to improve the traditional way of operating while building a more authentic relationship with customers. Indeed, digital marketing brings forward important characteristics for SMEs in search of efficiency and performance, and it is considered as an interesting alternative to traditional approaches. To this end, the interest of our study is to show the main issues and challenges that the digitalization of the marketing function can have on Moroccan SMEs. In this context, the problematic we will try to answer is an original one aiming to explore the impact of the introduction of digital within the marketing function by taking the case of SMEs. To this end, we opted for a sample of 4 consultants to respond to the exploratory phase and 41 respondents for the confirmatory phase. The results have shown that digital marketing is a double-edged sword in that it can have different impacts on SME structures. With respect to the contributions of the study, we first point out the results will be beneficial for SMEs which constitute a large part of the Moroccan economic fabric, and a concise methodology based on the triangulation between the qualitative and quantitative approach. As for the limitations, we mention that the number of respondents is somewhat limited.

Keywords: Digital marketing, SME, challenges, issues, Morocco.

JEL Classification : M31

Paper type : Empirical research

1. Introduction

The digital transition has now become a categorical imperative for any company in order to succeed and achieve better performance in the market (Dudézert, 2018). Indeed, the digitalization of companies is on the way, this is no longer a choice as it disrupts the methods of operation of organizations. Indeed, if the advent of the Internet and its integration into everyday life changes the way people live, its role in the management of small and medium-sized enterprises has become essential. Indeed, SMEs cannot aspire to an efficient management without an adequate and strategic use of ICT (Vacher, 2002). More specifically, the central and growing position of social networking tools evokes its importance, which is reflected in 1.32 billion members on Facebook, 271 million on Twitter and an average of more than 6 hours of use of these networks per day in 2014 (Nakara et al., 2020). These transformations have, at the same time, affected organizations in their managerial approach as well as in the setting of objectives to be achieved with efficiency (Dutot and Castellano, 2013). In this same context, companies have been able to seize the opportunity offered by digitalization, especially via social networks, as a way to expand its network, to perform competitive intelligence and lead to the construction of an even more privileged relationship with consumers (Adam and Deans, 2001). To this end, the figures mentioned above shows the interest of research to explore the place of digital tools in the proper functioning of companies. As for the empirical study of the subject, the influence of the Internet on the management of companies is a fertile ground for a significant number of research works (Miller, 2010) related to the study of the importance of social networks (Safko, 2010).

However, integrating social networks into the implementation of marketing strategies can be a bit risky. Indeed, a distinction must be made regarding the reliability given to social networks as marketing tools. On the other hand, there are companies that integrate and facilitate the integration of social networks in the design of their marketing strategy. For them, social networks are assimilated to low-cost tools allocating communication as well as the diffusion of their identity in a competitive market (Dutta, 2010). On the other hand, there are companies that are more risk averse and resist the introduction of social networks in the implementation of their strategy.

That said, it is interesting to learn about the role of small and medium-sized enterprises. These constitute about 95% of the national productive fabric, contributing to 40% of private investment and 30% of exports. Indeed, and taking into consideration the limit of financial resources, it is wise to question the importance of social networks as marketing tools relatively inexpensive compared to traditional tools (Dutta, 2010).

In this context, the crucial objective of this research is to explore the use of social networks by Moroccan SMEs in the design and implementation of their marketing strategy. In addition, to determine the issues and/or challenges they present. In this context, the key issue we will try to address is the following:

To what extent can digital marketing be a source of issues and challenges within Moroccan SMEs?

In order to answer this question, we will adopt a precise methodology based on triangulation, starting with a qualitative study based on interviews with consultants and experts in digital marketing to explore the main issues and challenges of digital

marketing. Then, a confirmatory study (quantitative) using a questionnaire for 41 respondents in order to confirm the results of the first study.

In order to answer to our essential problem, we will start by citing the main theories to be mobilized, then the research methodology, then the presentation of the result and ending with a conclusion at the end.

2. Literature review:

It is generally accepted that the basic principles of marketing are universally applicable to both large and small businesses. The study of marketing in SMEs has been recognized as a problem area for researchers for over 20 years (O'Leary, 2011). More recently, the use of Internet marketing or e-commerce has become popular in all types of businesses, including SMEs. However, insufficient knowledge about marketing in small businesses remains and a theory of small business marketing specifically related to understanding and knowledge of strategic marketing is needed.

Research on small businesses and their marketing activities has largely been limited to explanations of certain types of behaviors observed in small businesses (Hannon and Atherton, 1998), or to finding factors of barriers missing or present in small businesses, which explains their apparent inability to apply or use marketing ideas and concepts that were often developed for large businesses (Freel, 2000). Indeed, theoretical development in SME research seems to be somewhat limited in general. The work that has been done is more applied in nature, taking the form of prescriptive or descriptive frameworks and "models" on how to apply certain business and management theories to small firms (e.g., Taiminen and Karjaluoto, 2015).

2.1. Characteristics of the marketing function in SMEs:

The recurrence of the marketing function in the management of companies has aroused the interest of several studies (e.g. Pacitto et al., 2006). The latter is perceived as a secondary function whose presence is not necessary for the current operation of the activity. In order to prove the position of the marketing function within SMEs, two approaches can be distinguished. The first approach considers the theory of marketing in a classical vision and shows the way it is practiced in SMEs. In this sense, Romano and Ratnatunga (1995) have identified three ways of viewing the marketing function within SMEs. First, the marketing function as a strategy that focuses on segmentation, positioning and targeting techniques. Second, the marketing function as a culture that offers the customer a fundamental position within the firm. Finally, marketing as a tactical strategy within the four policies of the marketing mix (Sestino et al. 2020).

However, it is important to note that SMEs that do not use marketing tools are more vulnerable in a competitive market (Leeftang et al., 2014). In this first approach, two categories of SMEs can be identified. First, those that do not practice marketing techniques due to insufficient resources and lack of a clear vision of a return on investment (ROI). Second, those that use marketing in a casual and ad hoc manner (Nakara et al., 2014).

In the second approach, the marketing function seems to be a necessity. Yet, its practice within SMEs can be differentiated according to several criteria, including the size of the firm. In this wake, there are other limitations hindering its adoption

namely limited resources in terms of funding, human capital or time. In addition, a lack of expertise of the manager in marketing, this can only lead to a botching of the marketing function (Yu et al. 2019).

These limitations make the use of marketing techniques in SMEs unsystematic, which largely depends on the manager's decision to take the risk of investing in it despite the lack of means and skills.

2.2. The role of social networks in SMEs

By definition, social networks can be equated to media supports and platforms that allow users to maintain a presence and interact online (Proulx et al. 2012). Thus, consumers use these tools to share their experiences, their opinions with other users who are part of the virtual community.

To this end, the interest given by firms to social networks as fundamental tools of marketing is important under the pretext that they constitute a lever for the management of projects experienced with the consumer. The latter, thanks to the possibility of online interaction, becomes a co-producer of consumption (O'Leary, 2011). In this context, digital marketing is to be considered as an opportunity since their average cost is much lower than traditional strategies. In addition, they are also a continuation of the networking practice already initiated by SME managers (Ritter and Pedersen, 2020).

2.3. Research hypotheses

Digitalization has become an essential part of business life. It assists in upgrading traditional patterns of conducting business activities to interact with stakeholders. The emerging trend of utilization of digital media in business activities has transformed the basis for competition and influence consumer behavior (Sestino et al. 2020). Digitalization has an impact on firms, and influences products and brands through the usage of online services that includes storing, browsing and playing entertainment, email, Facebook and other applications that transform how we interact (Kiili, Leu, Marttunen, Hautala, & Leppänen, 2019).

Based on existing theory, we can make the following two hypotheses:

H0: The digitalization of the marketing function presents opportunities and threats and has a significant impact on the performance of Moroccan SMEs.

H1: The digitalization of the marketing function does not present opportunities and threats and has no significant impact on the performance of Moroccan SMEs.

3. Research method or methodology

The health crisis of the Corona virus has strongly impacted the activity of SMEs in Morocco given their vulnerability to environmental and systemic risks. In order to remedy the adverse effects of this crisis, firms have invested heavily in their marketing strategy using social networks. The choice of treatment of SMEs is not arbitrary under the pretext that they represent an engine of the Moroccan economy. In this sense, they employ more than 50% of the workforce, distribute 43% of salaries and represent 44% of the turnover.

In order to explore the issues and challenges of the marketing strategy of SMEs in the digital era, we have opted for an approach based on the triangulation between the qualitative and quantitative approach. The main advantage of triangulation designs

in research studies lies in the ability to find agreement and validation of results through a variety of research methods. In addition, filling the gaps of one method by another and approaching the problem through different angles, thus questioning different units. To this end, the methodological design adopted is as follows:

First of all, we started our approach with an exploratory study based on semi-directive interviews with 4 digital marketing consultants who have worked with SMEs. The interviews were conducted on the basis of an interview guide including 3 essential themes: personal information, knowledge on the digitalization of the marketing function and finally the challenges and issues of the digitalization of the marketing function in relation to Moroccan SMEs. The objective is to discover the main issues and challenges of using digital marketing as part of a global business strategy. The table below reports information about our sample:

Table 1: Information about our sample

Participant	Gender	years of experience	Interview Length
Consultant 1	Male	10	40 minutes
Consultant 2	Male	5	33 minutes
Consultant 3	Male	11	20 minutes
Consultant 4	Female	3	35 minutes

Source: Authors

In order to analyze the data collected through interviews, we opted for a horizontal and vertical analysis.

To complete the first study, a confirmatory study was established by submitting questionnaires to the managers and business leaders of SMEs (41 people) in order to collect data confirming the issues and challenges from the first approach and to propose others if necessary. The questionnaire of this study revolved around 4 fundamental axes: information on the firm and on the marketing function, on the respondents, the challenges and issues of the use of the digital strategy, the obstacles of its adoption.

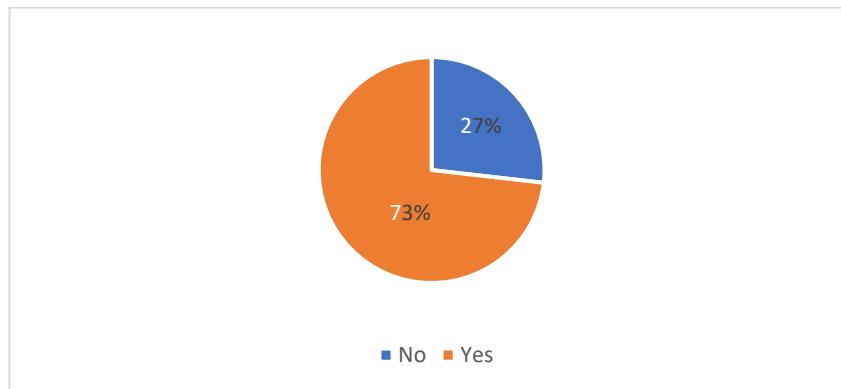
4. Results and discussion

To our knowledge, the study we conducted is the first to explore the role of digital marketing in Moroccan SMEs. In this sense, the questionnaire administered to 41 executives and directors of the sales and marketing function, allowed us to perform the following analyses:

4.1. Descriptive statistics

The study we conducted involved a sample of 41 respondents. Among them, 22 are general managers of SMEs and 19 are responsible for the sales or marketing function. In addition, these firms are mostly newly created because more than 50% of these companies are created between 2010 and 2019. This can reinforce the adoption of digital marketing within these companies. Among the SMEs that responded to our survey, 34 have a marketing function within the firm and 30 (73%) use digital marketing in their activities (Figure 1).

Figure 1: Use of digital marketing by SMEs

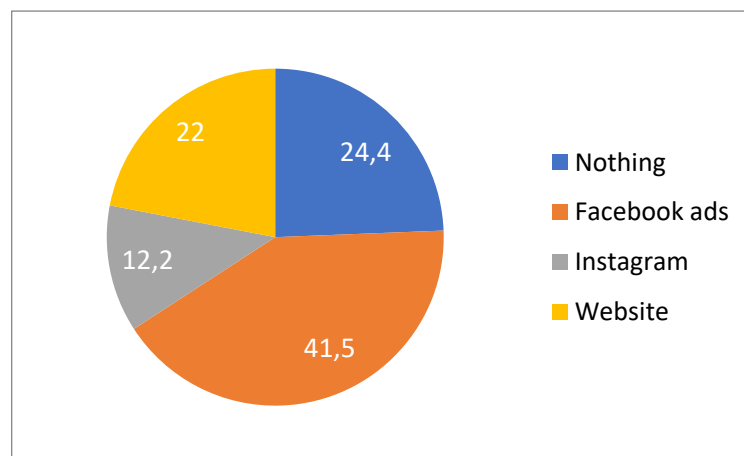


Source: Authors

To this end, the Internet plays a key role in the proper functioning of SMEs. Thus, its use is no longer considered by managers as a choice but a necessity for the survival of the company and the realization of profits.

As for expenses, the results of the study showed that Moroccan SMEs spend an average of 3% of turnover to strengthen the presence of the company on social networks. This remarkable progression was explained by the consultants as the positive relationship between spending on digital marketing and the profit made. This great interest in the transition of the marketing function remains limited because the majority of respondents limit the use to a few tools, namely Facebook at a percentage of 41.5%, e-commerce site at 22.0% and Instagram at 12.2% (Figure 2).

Figure 2: Digital tools used by SMEs



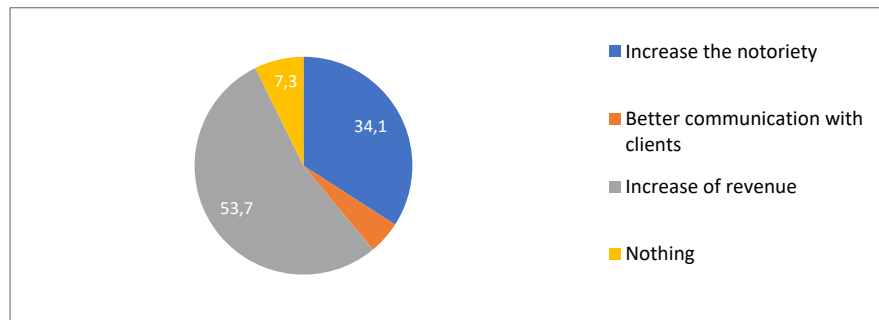
Source: Authors

4.2. Quantitative study results

Before addressing the elements blocking Moroccan SMEs from integrating digital marketing, it would be wise to present the results related to the challenges (opportunities and risks) perceived by the respondents.

For the companies interviewed, digitalization offers several opportunities (Figure 3 presents these main opportunities)

Figure 3: Opportunities of the digitalization of the marketing function

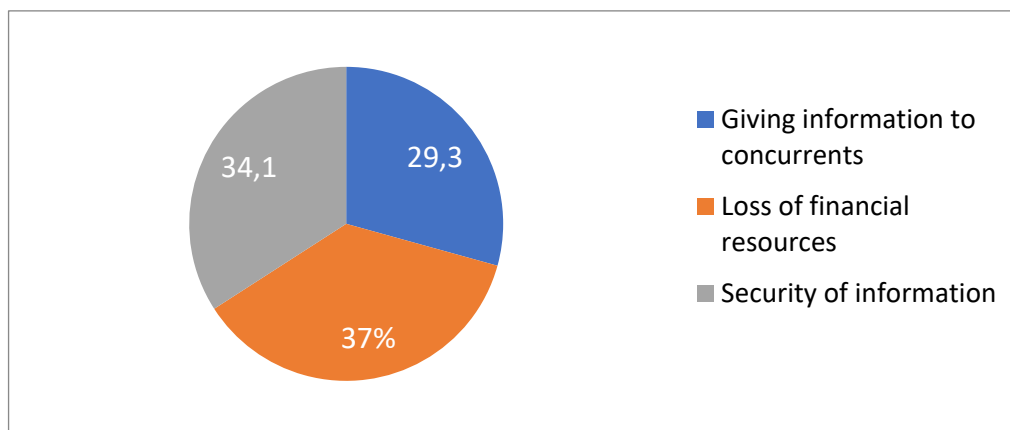


Source: Authors

In this context, 22 out of 41 respondents (or 52%) cited the main opportunity offered by digital marketing as an increase in turnover and consequently profit for SMEs. This finding is consistent with the comments of marketing consultants who have a direct relationship with SMEs. To this effect, they mention that SMEs have duly benefited from the networks in order to improve earnings, something that is metamorphosed in the increase of the budget allocated to digital marketing from one year to another. In addition, 14 respondents stated that the digitalization of marketing allows to increase the company's notoriety insofar as it allocates them the strengthening of the continuous presence with the community as well as making the products and services offered closer to the consumers. The rest of the answers are minimally divided on the remaining opportunity, which is the improvement of the communication with the customers.

In parallel with these opportunities, Moroccan SME managers state that this digitalization also presents threats (Figure 4).

Figure 4: Threats of digital marketing

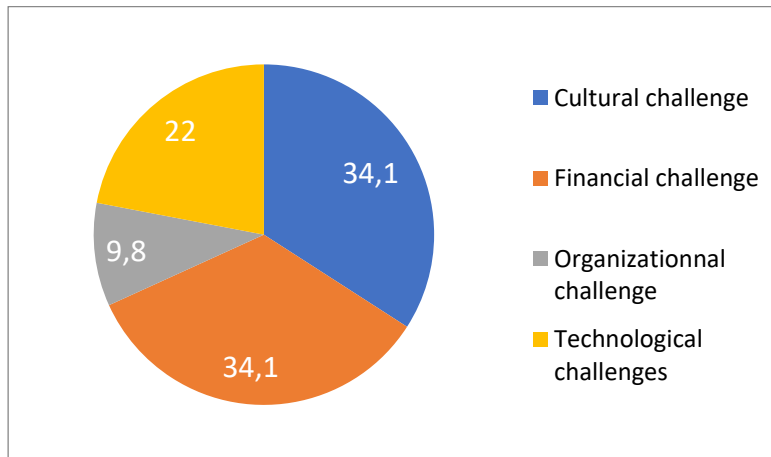


Source: Authors

First, the loss of financial resources, especially for SMEs that do not opt for digitization or for those who have invested but have not succeeded. Secondly, the information security risk is high (14 out of 41 respondents), especially for companies with customer databases. This risk exposing customer information and consequently not respecting the law on the protection of personal data. Finally, the digitization of the marketing function can be a threat to the competition because companies expose information about their activity on platforms, which gives easy access to competitors wanting to copy them and carry out the same activity (according to 30% of respondents).

Digital transformation is a complex issue for companies, and even more so for SMEs, as it requires financial and human resources as well as internal skills and time that SMEs often do not have enough. This can severely limit their integration in their digitalization process. In this vein, our study of SMEs has revealed some challenges in the Moroccan context that restrict these companies from opting for a digital transition of the marketing function (Figure5).

Figure 5: Challenges of digital marketing



Source: Authors

First of all, the financial and cultural challenges (68% of respondents). Indeed, an investment in digital marketing can not take place without a preparation of mindset. This means that if the employees' change management is not well prepared, nurtured, anticipated and matured, the risk of rejection is high. In addition to the financial and cultural challenges, the technological challenge is also present (22% of respondents). In this regard, respondents mention that the lack of serious preparation of the tools to be used to disrupt the traditional system may constitute a constraint to this revolution. In this context, the majority of Moroccan SMEs give less importance to investments in technology. Finally, the presence of the organizational challenge at a minimum rate of 9% which means that there is an overlap between the functions within this category of firms and sometimes the commercial and marketing function is neglected.

5. Conclusions

This research questions the issues and challenges of digital transformation of the marketing function designed by the managers of Moroccan SMEs. Theoretically, the subject of my digitization of the marketing function presents a new subject for which theoretical works are still rare.

To this end, we have opted for an approach based on the triangulation between the qualitative and quantitative approach. The first qualitative study via interviews with 4 marketing consultants in order to explore the Moroccan context. Secondly, the empirical study focused on a sample of 41 Moroccan SMEs shows the importance of digital marketing within these companies.

As mentioned in the literature review and found in the results of our research, the integration of social networks presents huge opportunities such as increased turnover, awareness ... etc. In addition to these benefits, SMEs must also manage

threats such as competition, security of customer information. Finally, the success of the digital transition requires support on several aspects such as the culture, the organization of the company and the financial resources to mobilize.

The research we have conducted has several interests. First, on the theoretical level, we observed that no study has previously addressed this topic in the Moroccan context. In addition, it will enrich the theory related to the digitalization of the marketing function and SMEs. On the empirical level, it will allow managers and leaders of SMEs to take into consideration the importance of digitalization in improving their performance and seizing investment opportunities.

Basically, the research we have conducted presents several elements:

Strengths of the study: the strengthened theoretical and empirical framing, the methodology adopted, the innovative and original results found after the study was conducted.

Limitations: the number of respondents was minimal in both the first qualitative and quantitative studies.

Development perspectives: the subject of digital marketing within SMEs is innovative. In this respect, we intend to continue our research in this field in order to assimilate it and make the following research easier.

Recommendations: Moroccan SMEs must rethink their strategy while thinking about the inclusion of digitalization considered not as a choice but as a necessity.

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