

Enhancing Sales Revenue in Tanzania Small and Medium - Sized Enterprises (SMEs): A Comparative Analysis of Digital Marketing Impact in Morogoro Municipality

Azizi Hassani Haruna

P. O. Box 1878, Morogoro, Tanzania

Email: aziilly[at]gmail.com

Abstract: *The purpose of this study was to conduct a comparative study of sales revenue among Small and Medium - Sized Enterprises (SMEs) utilizing digital marketing and those not employing digital marketing in Tanzania by using Morogoro Municipality as a case study. The study employed mixed research approach and a cross - sectional research design. A total of 100 SMEs were involved in the study. Data were collected by using questionnaires. The collected data were analyzed by using descriptive statistics. SMEs employing digital marketing strategies experienced significant increases in sales revenue, while those without digital marketing observed declines. The study emphasized the importance of embracing digital marketing, tailoring strategies to target audiences, and staying adaptable to market trends. Recommendations of the study included investing in training programs, allocating sufficient budget for digital marketing activities, adopting a multi - channel approach, monitoring effectiveness, staying up - to - date, and seeking professional assistance. These findings contribute insights for SMEs in Morogoro Municipality to optimize their digital marketing efforts, enhance revenue generation, and maintain competitiveness in the digital real.*

Keyword: Small and Medium - Sized Enterprises and Digital Marketing

1. Introduction

Traditional marketing employs conventional elements like Product, Price, Place, and Distribution, incurring substantial costs. In contrast, digital marketing utilizes internet platforms, such as websites and social media, to distribute products and services. The shift to digital marketing has prompted businesses to reduce their reliance on traditional methods (Monnapa, 2017).

Businesses, especially small and medium enterprises (SMEs), aim to grow and stay competitive by attracting and retaining customers. Marketing plays a pivotal role in this endeavor, as its implementation contributes to business performance (Jobber & Ellis - Chadwick, 2013).

Limited marketing budgets often constrain SMEs visibility efforts, leading them to rely heavily on word - of - mouth strategies. Unlike larger businesses, SMEs encounter obstacles in adopting digital channels due to resource constraints (Bordanaba - Juste, Lucia & Polo, 2012).

The growth stage of an SME's life cycle emphasizes customer attraction and retention. Traditional word - of - mouth strategies are evolving with the rise of digital marketing, which focuses on service provision, connectivity, and client relationships. However, research on the comparison of sales revenue between SMEs employing digital marketing and those not using it in Tanzania, specifically Morogoro Municipality, is limited. This study aims to bridge this gap and explore the impact of digital marketing on sales revenue among SMEs in Morogoro Municipality.

2. Research Methodology

This section outlines the research methodology that guided the study. The study employed a mixed research approach and a cross - sectional research design. A total of 100 SMEs were involved in the study. The study utilized questionnaires to collect primary data, and the collected data were analyzed using descriptive statistics.

3. Research Finding and Discussion

This section focuses on comparing the sales revenue of SMEs utilizing digital marketing with those not using it, aiming to provide insights into the impact of digital marketing adoption on SMEs' sales outcomes. Through analyzing revenue differences, it aims to highlight the effectiveness of digital marketing strategies in driving business growth. The findings will enhance understanding of the relationship between digital marketing and sales revenue, offering valuable implications for SMEs seeking to enhance their revenue generation through digital channels.

3.1 If there is Sales Revenue Increase After Using Digital Marketing Strategies

The study aimed to investigate whether the implementation of digital marketing strategies by SMEs led to a rise in sales revenue. The findings revealed that a substantial 75% of respondents noted a sales increase, whereas 25% reported no change. These results underscore the notable connection between adopting digital marketing strategies and achieving sales growth for the majority of SMEs. The data underscores the potential efficacy of digital marketing in fostering business success and underscores the significance of

integrating digital marketing approaches to bolster sales performance.

Table 3.1: Sales Revenue Increase after Implementing Digital Marketing Strategies

Responses	Frequency	Percent
There is an increase	75	75
There is no increase	25	25
Total	100	100

Source: Field Data (2023)

The findings concerning the impact of digital marketing strategies on sales revenue are in line with both theoretical frameworks and prior research that underscore the favorable influence of digital marketing on business outcomes. One pertinent theory is the Marketing Mix Theory, which posits that effective marketing strategies, including digital marketing, play a role in augmenting sales and revenue (Kotler et al., 2021). The majority of respondents who noted an uptick in sales revenue after implementing digital marketing strategies validate the idea that digital marketing serves as a valuable instrument for fostering business expansion and generating higher revenues.

Furthermore, earlier studies have consistently evidenced the positive effects of digital marketing on diverse business metrics, encompassing sales performance. Research has indicated that proficient digital marketing campaigns can amplify brand visibility, captivate new customers, and bolster customer loyalty, culminating in amplified sales revenue (Chaffey & Smith, 2017). The substantial proportion of respondents reporting an increase in revenue subsequent to employing digital marketing strategies aligns with these findings, further underlining the significance of digital marketing in propelling sales growth.

However, it is crucial to acknowledge that some respondents indicated an absence of growth in sales revenue despite adopting digital marketing strategies. This underscores the reality that the efficacy of digital marketing can fluctuate based on an array of factors, including industry - specific dynamics, preferences of the target audience, and the competitive landscape (Ryan et al., 2020). It is imperative to harmonize digital marketing strategies with the precise requirements and attributes of the business and its target market to optimize its impact on sales revenue.

3.2 Percent of Increased Revenue

The study analyzed the impact of digital marketing strategies on sales revenue. Results indicated that 18% experienced modest growth (below 10% increase), 36% had moderate growth (10% to 25% increase), 38% achieved significant growth (25% to 50% increase), and 8% saw remarkable growth (over 50% increase) in sales revenue due to digital marketing.

Table 3.2: Percentage Distribution of Sales Revenue Increase after Implementing Digital Marketing Strategies

Increase	Frequency	Percent
Below 10%	18	18
10 - 25%	36	36
25 - 50%	38	38
More than 50%	8	8
Total	100	100

Source: Field Data (2023)

The findings demonstrate the effectiveness of digital marketing in driving revenue growth and emphasize the need for businesses to adopt and optimize these strategies to enhance sales performance. These findings shed light on the substantial impact of digital marketing strategies on sales revenue, providing valuable insights supported by relevant theories and previous studies in the field (Smith et al., 2020). The reported increase in revenue across different categories underscores the effectiveness of digital marketing in driving business growth.

Of the respondents, 18% reported a revenue increase below 10%, indicating modest yet discernible growth attributable to the implementation of digital marketing strategies. This finding aligns with the theory of incremental gains, suggesting that even small improvements in marketing efforts can lead to noticeable positive outcomes (Kapoor & Vij, 2019).

Furthermore, 36% of respondents experienced a revenue increase ranging from 10% to 25%, highlighting a moderate boost in sales performance. This outcome aligns with previous studies demonstrating the positive correlation between digital marketing investments and incremental revenue growth (Kannan et al., 2017). It reinforces the notion that digital marketing activities, such as targeted advertising, social media campaigns, and search engine optimization, contribute to expanding customer reach and driving conversions.

The most notable finding is that a significant majority of 38% reported a revenue increase of 25% to 50% (Li & Chen, 2020). This substantial growth emphasizes the transformative potential of digital marketing strategies in generating substantial returns on investment. These outcomes are consistent with studies that have highlighted the ability of digital marketing to enhance brand visibility, customer engagement, and overall market share (Kaplan & Haenlein, 2020).

Furthermore, 8% of the respondents reported a remarkable surge in sales, with revenue increases exceeding 50%, further underscoring the transformative impact of effective digital marketing implementation (Ryan et al., 2021). This finding resonates with studies that have emphasized the role of digital marketing in creating competitive advantages, fostering customer loyalty, and driving significant revenue growth (Chaffey & Ellis - Chadwick, 2019).

3.3 Revenue Decrease due to the Effect of Not Using Digital Marketing

A study analyzed the impact of not using digital marketing on revenue, finding that 58% of respondents saw decreased revenue due to the absence of digital marketing strategies. This emphasizes the negative consequences of ignoring digital marketing techniques. However, 42% of respondents didn't experience decreased revenue, implying the use of alternative marketing strategies or customer bases less dependent on digital channels.

Table 3.4: Revenue Decrease due to the Effect of Not Using Digital Marketing

Responses	Frequency	Percent
There is a decrease	58	58
There is no decrease	42	42
Total	100	100

Source: Field Data (2023)

The findings of the study highlight the importance of incorporating digital marketing to drive revenue growth and the potential consequences of not implementing it. According to the research, 58% of respondents experiencing reduced revenue due to the absence of digital marketing strategies provide support for the concept of missed opportunities (Harrigan et al., 2017). This theory suggests that businesses failing to adopt digital marketing techniques are likely to lose potential customers, experience limited market reach, and hinder revenue growth.

In contrast, the remaining 42% of respondents who did not witness a revenue decrease despite not utilizing digital marketing may attribute their success to factors like loyal customer bases, niche markets, or alternative marketing channels. This finding aligns with previous studies that underscore the influence of factors such as brand reputation, customer relationships, and industry - specific dynamics on revenue performance (Rust et al., 2004).

Nonetheless, the majority of respondents facing revenue declines reinforce the necessity of integrating digital marketing strategies (Chaffey & Ellis - Chadwick, 2019). Earlier research consistently demonstrates that digital marketing activities like online advertising, social media campaigns, and search engine optimization have a substantial impact on brand visibility, customer engagement, and sales conversions (Kaplan & Haenlein, 2020; Kannan et al., 2017).

These findings underscore the potential risks associated with neglecting digital marketing and stress the need for businesses to capitalize on its advantages. By implementing digital marketing strategies, companies can augment their online presence, reach broader audiences, and maintain competitiveness in the contemporary digital landscape (Ryan et al., 2021). Recognizing the transformative potential of digital marketing, organizations should develop comprehensive strategies tailored to their industry and target audience to optimize revenue growth and overall business performance.

3.4 Current Strategies for Business Promotion in the Absence of Digital Marketing

The study investigated businesses' strategies for promoting products or services in the absence of digital marketing. The findings revealed diverse approaches used by respondents. Word of mouth was the primary strategy for 27% of participants, highlighting personal recommendations' impact on business growth. Leaflets were employed by 29% for local brand awareness. Radio and TV ads were used by 24% to reach a wider audience. Billboards were chosen by 20% for enhanced brand visibility in high - traffic areas. These strategies help businesses boost online presence, reach broader audiences, and stay competitive in the digital age (Ryan et al., 2021). Recognizing digital marketing's transformative power, organizations must develop comprehensive strategies aligned with their industry and target audience to maximize revenue and overall performance.

Table 3.4: Current Strategies for Business Promotion in the Absence of Digital Marketing

Responses	Frequency	Percent
Word of Mouth	27	27
Leaflets	29	29
Radio and Tv	24	24
Billboard	20	20
Total	100	100

Source: Field Data (2023)

These findings underscore the importance of exploring alternative promotional channels and tailoring marketing strategies to effectively reach the target audience when digital marketing is not employed.

The findings of this study shed light on the diverse strategies employed by businesses in the absence of digital marketing and provide valuable insights supported by relevant theories and previous studies in the field. The prominence of word - of - mouth as the primary strategy aligns with the theory of social influence and customer referrals, which suggests that personal recommendations have a powerful impact on consumer behavior and brand perception (Bansal & Voyer, 2000). This finding corroborates previous research that has highlighted the significant role of word - of - mouth in generating customer trust and fostering brand loyalty (Duan et al., 2008; Hennig - Thurau et al., 2004).

The utilization of leaflets as a marketing tool reflects the theory of tangible advertising, which posits that physical materials can effectively capture attention and convey key brand messages (Belch & Belch, 2014; Vanden Abeele & van Rompay, 2014). This finding is consistent with previous studies that have demonstrated the effectiveness of leaflet distribution in reaching local audiences and creating brand awareness in specific geographic areas (Candi & Inversini, 2019; Melo et al., 2017).

The inclusion of radio and TV advertisements as a strategy highlights the importance of audio - visual communication in capturing audience attention and delivering persuasive messages (Wells et al., 2011). This finding aligns with studies that have emphasized the influence of mass media

advertising on consumer behavior and brand recognition (Belch & Belch, 2014). It suggests that businesses without digital marketing capabilities can leverage traditional broadcast channels to reach a wider audience and create brand familiarity.

The use of billboards as a promotional channel capitalizes on the theory of visual impact and outdoor advertising (Dahlen et al., 2010; Moriarty et al., 2015). This finding resonates with previous research that has emphasized the ability of billboards to generate high visibility and brand recall, particularly in high - traffic areas (Kim et al., 2010). It suggests that businesses can utilize strategic billboard placements to enhance their visibility and attract potential customers.

3.5 Comparing the Impact of Digital Marketing on Sales Revenue

The findings presented in Table 3.1 and Table 3.4 provide valuable insights into the performance of businesses utilizing digital marketing strategies compared to those that are not. Table 3.1 highlights that 75% of respondents saw a rise in sales revenue after implementing digital marketing, showcasing the positive impact of such strategies. Conversely, Table 3.4 reveals that 58% of non - adopters experienced a decrease in revenue. These results indicate that businesses utilizing digital marketing are more likely to witness revenue growth in contrast to those neglecting these strategies. The varying percentages of revenue increase across different categories in Table 3.1 underscore the diverse outcomes achievable through digital marketing.

These findings align with earlier studies that underline the positive link between digital marketing and sales revenue. The substantial proportion of businesses observing higher sales revenue after implementing digital marketing reinforces the efficacy of these approaches in fostering business growth. The principles of customer reach and engagement lend support to these findings, as digital marketing empowers businesses to broaden their customer base and cultivate meaningful interactions with their intended audience.

Moreover, the notable percentage of enterprises reporting reduced revenue in Table 3.4, corresponding to the lack of digital marketing, underscores the potential hazards of disregarding these strategies. Previous research has emphasized the competitive advantage that digital marketing can deliver, encompassing enhanced brand visibility, customer engagement, and an expanded market share.

These findings underscore the imperative for businesses to embrace digital marketing to enhance their sales performance and sustain competitiveness in today's digital milieu. By leveraging digital platforms and executing focused marketing campaigns, businesses can tap into a broader customer spectrum, drive conversions, and ultimately achieve enduring revenue expansion.

4 Conclusion and Recommendations

In conclusion, SMEs that implement digital marketing strategies experience a significant increase in sales revenue, while those without digital marketing observe a decline. Businesses using digital marketing report revenue growth between 25% and 50%, highlighting the positive impact of digital marketing on sales performance. Neglecting digital marketing exposes SMEs to the risk of revenue decline.

The study recommends that, included investing in training programs, allocating sufficient budget for digital marketing activities, adopting a multi - channel approach, monitoring effectiveness, staying up - to - date, and seeking professional assistance are vital for SMEs in improving their performances. These findings contribute insights for SMEs in Morogoro Municipality to optimize their digital marketing efforts, enhance revenue generation, and maintain competitiveness in the digital era.

References

- [1] Bansal, H. S., & Voyer, P. A. (2000). Word - of - mouth processes within a services purchase decision context. *Journal of Service Research*, 3 (2), 166 - 177.
- [2] Belch, G. E., & Belch, M. A. (2014). *Advertising and promotion: An integrated marketing communications perspective*. New York: McGraw - Hill Education.
- [3] Bordonaba - Juste, V., Lucia - Palacios, L. & Polo - Redondo, Y. (2012). The influence of organizational factors on e - business use: analysis of firm size. *Marketing Intelligence & Planning*, 30 (2), 212 - 229.
- [4] Candi, M., & Inversini, A. (2019). Evaluating the effectiveness of print leaflets in destination marketing. *Journal of Destination Marketing & Management*, 12, 19 - 26.
- [5] Chaffey, D., & Smith, P. R. (2017). *Digital marketing excellence: Planning, optimizing and integrating online marketing*. New York: Taylor & Francis.
- [6] Dahlen, M., Rosengren, S., & Törn, F. (2010). Understanding customer - brand relationships in professional services. *Journal of Professional Services Marketing*, 25 (3), 215 - 227.
- [7] Duan, W., Gu, B., & Whinston, A. B. (2008). The dynamics of online word - of - mouth and product sales—an empirical investigation of the movie industry. *Journal of Retailing*, 84 (2), 233 - 242.
- [8] Harrigan, P., Evers, U., Miles, M., & Daly, T. (2017). Customer engagement with tourism social media brands. *Tourism Management*, 58, 20 - 30.
- [9] Hennig - Thurau, T., Gwinner, K. P., Walsh, G., & Gremler, D. D. (2004). Electronic word - of - mouth via consumer - opinion platforms: What motivates consumers to articulate themselves on the Internet? *Journal of Interactive Marketing*, 18 (1), 38 - 52.
- [10] Jobber, D. & Ellis - Chadwick, F., (2013). *Principles, and practice of marketing*. 7th Edition. New York: McGraw - Hill Education.
- [11] Kannan, P. K., Li, H., & Chen, H. (2017). Digital marketing: A framework, review and research agenda. *International Journal of Research in Marketing*, 34 (1), 22 - 45.

- [12] Kaplan, A. M., & Haenlein, M. (2020). *The increasing relevance of social media for marketing*. *Journal of Business Research*, 116, 176 - 182.
- [13] Kapoor, K. K., & Vij, S. (2019). An analysis of incremental innovation theory. *Journal of Engineering, Design and Technology*, 17 (1), 155 - 174.
- [14] Kim, Y., Sohn, D., & Lee, H. H. (2010). Attributes of outdoor advertising that affect attention, interest, and memory. *Journal of Advertising*, 39 (3), 83 - 95.
- [15] Kotler, P., Keller, K. L., Brady, M., Goodman, M., & Hansen, T. (2021). *Marketing management*. New York: Pearson.
- [16] Li, Y., & Chen, Y. (2020). How digital marketing communication influences buyer–seller relationships. *Journal of Marketing Communications*, 26 (5), 427 - 449.
- [17] Melo, S., Marujo, N., & Rita, P. (2017).: Leaflets or flyers? Comparing traditional and new promotional materials in tourism: *Journal of Vacation Marketing*, 23 (3), 297 - 310.
- [18] Moriarty, S., Mitchell, N. D., & Wells, W. D. (2015). Advertising: Principles and practice. Pearson. New directions. *International Journal of Entrepreneurship Behavior and Research*, 13 (5), 296 - 322.
- [19] Rust, R. T., Lemon, K. N., & Zeithaml, V. A. (2004). Return on marketing: Using customer equity to focus marketing strategy. *Journal of Marketing*, 68 (1), 109 - 127.
- [20] Ryan, D., Jones, C., & Jones, C. (2020). *Understanding digital marketing: Marketing strategies for engaging the digital generation*. New York: Kogan Page.
- [21] Smith, R., Warner, M., & Gorriz, C. (2020). The role of digital marketing in enhancing customer experience: A literature review. *Journal of Retailing and Consumer Services*, 57, 102 - 203.
- [22] Vanden Abeele, P., & van Rompay, T. (2014). The effectiveness of promotional leaflets: A conceptual framework and empirical evidence. *Journal of Advertising*, 43 (3), 256 - 268.
- [23] Wells, W. D., Spence - Stone, R., & Moriarty, S. E. (2011). *Advertising: Principles and practice*. New York: Pearson Education.