

Impact of Digital Marketing on SMES Performance in Oyo State

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Abstract

The performance of small and medium enterprises in Oyo State, Nigeria, is examined in this study in relation to digital marketing channels of social media marketing and search engine optimization. The study used population of 7,987 registered SMEs in Oyo State with SMEDAN as provided by the National Bureau of Statistics (2020). Krejcie and Morgan formula was used to determine the sample size of 366 SMEs in Oyo State, out of which 358 copies of questionnaire were returned and used. In achieving the set

objectives and test the relevant hypotheses, the inferential statistics of Ordinary Least Square (OLS) and Logit Regression were adopted for the study. A survey research design was used to collect data through the distribution of questionnaire and purposive and stratified sampling techniques were used to select SMEs using digital marketing in Oyo State, Nigeria. The significant F-statistics value of 247.36 showed that the test 0.0000 F-statistics p-value was below the critical value of 5%. The study concluded that digital marketing enhanced the performance of SMEs. The finding showed social media marketing and search engine optimization had favourable impact on the performance of SMEs and search engine optimization had a favourable and substantial impact on the SMEs' performance. The study recommended the need for the integration of social media marketing as part of the marketing channels to increase customer base and profitability. Also, businesses are encouraged to engaged experienced agents to promote their goods and services online in order to increase their visibility.

Keywords: Digital Marketing, Medium Enterprises, Search Engine Optimization, Small Enterprises, Social Media Marketing

JEL Classification Codes: M31, L25, L86, L26, L86

1. Introduction

Advances in information, communication and internet usage as well as the more recent AI gave motivation to globalization 4.0 thereafter, industrial revolution and its features such as internet of things, robotic science, drones, nanotechnology and others (Skare & Soriano, 2021). The use of the internet by the business owners with these new trends is the emergence of digital marketing which has advanced into a crucial platform for firms current marketing strategies. In other words, the world is currently experiencing an unprecedented level of technological advancement, which has led to the emergence of digital marketing as one of the most active ways to reach customers (Smith, 2025). The contributions of the small and medium enterprises cannot be disregarded as it offers the highest rate of job creation and economy growth (Olonde, 2017). However, the performance of these SMEs can only be sustained when they promote innovation, improve sales and realize good profits.

There has been several research conducted on the application of digital marketing by small and medium businesses in different countries but there has not been accurate information on the extent of application of digital marketing by these SMEs. Social media is utilized for technology-based social engagement and provides a number of advantages, including the ease of exchanging information among users as against the earlier sorts of promotional activity (Rast, Coleman, & Simmers, 2021). However, some small and medium enterprises are yet to meet up with the increased usage of this rapid growing digital marketing platform to develop the business performance. The benefits of search engine optimization are not being recognized by some SMEs nor do they have the means in their company to conduct search engine optimization. However, it is essential for SMEs to understand effectiveness of the marketing channels within the digital setting in building of brands, social visibility, and other positive signals (Spencer, 2023).

Technological advancement and the use of various digital marketing channels has given opportunity for business owners to connect with potential customers with a deep-rooted relationship. Social media is utilized for technology-based social engagement and provides a number of advantages, including the ease of exchanging information among users as against the earlier sorts of promotional activity (Ash, 2020; Rast, Coleman & Simmers, 2021). However, some small and medium enterprises are yet to meet up with the

increased usage of this rapidly growing digital marketing platform to develop the business performance (Jacinta & Shikha, 2021). Adoption of search engine optimization is more difficult for small and medium-sized firms since it is more likely to be successful in larger companies, which are more likely to have the resources and expertise needed than small ones (Karjaluoto, Mustonen, & Ulkuniemi, 2015). It is therefore essential to study the influence of search engine optimization on the performance of SMEs who have limited resources but requires utmost amount of benefits in their businesses.

In the light of this, the study looked into the connection between digital marketing channels and performance of SMEs. To accomplish this goal, the performance of SMEs was evaluated through profitability and innovativeness of the SMEs in Oyo State, Nigeria. Specifically, the study identified the effect of social media marketing on profitability and examine the impact of search engine optimization on innovativeness.

2. Literature Review

2.1 Conceptual Review

2.1.1 Digital Marketing

Digital marketing is a collection of online activities carried out by a person or corporation to build a brand and attract new customers. While there are many other online marketing tactics that may be used for digital marketing, its main objectives are to raise brand recognition, sales, and visibility (Kotler, 2021). Technological advancements have revolutionized the marketing experience for small and medium-sized businesses since more individuals are using the internet than ever before making digital marketing to be essential for today's marketers (Omar, Valmira, Piotr, Mohammed, & Yogesh, 2023). Digital marketing, according to Marketing Evolution (2019), is any form of advertising that relies on online media networks with coordinated strategies to provide consistent customer experience.

There have been several well-organized and extensive publicized initiatives evaluating the rapid growth of digital marketing in Nigeria. DataReportal (2021) estimates that 50.0% of Nigeria's total population of 208.8 million amounted to 104.4 million people, were online in January 2021. However, in January 2023, there were 122.5 million internet users which made the internet penetration rate increased to 55.4% of the total population of 221.2 million in Nigeria (DataReportal, 2023). A rise in the usage of digital devices instead of

physical brick and mortar channels and the integration of digital platforms into everyday life marketing have resulted in a surge in digital marketing endeavors (Anirudh, 2024). No doubt, digital marketing promotes brand value and business development, guaranteeing expansion and increased visibility. However, a large number of studies so far focused on the benefits of digital marketing on businesses than the full usage by small and medium enterprises. This study looked into two concepts of digital marketing namely; social media marketing and search engine optimization to evaluate the usage of digital marketing (Reinartz, Wiegand, & Imschloss, 2019).

2. 1. 2 Social Media Marketing

The word "media" emanated from the plural form of the Latin word "medium," which means a channel or vehicle for the expression or communication of ideas. The term "social media" describes the methods by which individuals engage in interpersonal communication and exchange ideas and information in online groups (Baluch & Main, 2024). A sort of digital marketing known as "social media marketing" positions and promotes brands of goods and services to the right kind of consumers by using social media platforms. It entails an efficient social media marketing campaign through a solid strategy and planning, going beyond haphazard updates on company social media accounts (Baluch & Main, 2024). LinkedIn, WhatsApp, My Space, QQ, Douyin, Flickr, Scribe, Facebook, WeChat, YouTube, "X" formerly Twitter, Tiktok and Instagram are a few popular social media platforms. Social media marketing is the method of using social media platforms to promote the products of a company through Facebook or Instagram ads, the engagement of influencers, or other methods of creating an online presence to connect with customers (Ravi & Sujaya-Kamar, 2021). Social media marketing empowers businesses to reach a broader audience and expose their brands to new customers (Mozammel, Ahmed, Slade, & Zaman, 2018).

Despite the scholarly attention on the contributions of social media platforms and its influence on relationships between a company and customers, the evaluation of social media marketing on specific performance of small and medium businesses remains understudied. Therefore, the study looked into the outcome in terms of return to the business.

2.1.3 Search Engine Optimization (SEO)

A search engine is a piece of software that uses keywords or phrases such as Google, Microsoft Bing, Yahoo, Baidu, Yandex, Ask, AOL and others to assist users discover the information they are looking for online. It is a service that allows internet users to search for information and various forms of content on the world wide web (Krzyzenowski, Nucci, & Sevilla, 2024). Understanding the process of each search engine goes beyond theoretical knowledge because it provides strategic and imperative information for anyone looking to enhance their website's visibility and drive traffic (Daves, 2024). Search Engine Optimization (SEO) is the process of making a website's content accessible to visitors and search engines alike while also satisfying the needs of potential customers. It is a process used to optimize a website or web page so that it receives as much frequent and substantial organic traffic from search engines as possible (Almukhtar, Mahmood, & Kareem, 2021).

Organic and inorganic traffic are two fundamental concepts in search engine optimization. Compared to purchased or direct traffic, organic traffic is free and it is driven by people actively searching for something specific (Simmons, Flannery, & Byali, 2023). Inorganic traffic is a paid advertising that provides quick results and exposure that reach out to customers outside the niche. SEO is dynamic and understanding the metrics and processes overwhelming and may violate the guidelines of the search engines, if there is no effective evaluation (Bansal, 2024). Based on this and many more, organizations often assign this task to companies or people that have expertise in this field (Almukhtar et al., 2021). Given the rate of rivalry in the modern business, visibility is very essential, if the business intend to be sustained. Search engine optimization principally increases the popularity of websites which thereby promote the visibility of businesses. Therefore, it is important for firms with limited resources to understand the dynamics of this power tool and how it can be used to improve their products or services.

2.1.4 Small and Medium Scale Enterprises

Small and medium enterprises are businesses that have a limited number of employees and a relatively low turnover (Asokan, 2023). SMEs are regarded as the foundation of the economy since they generate a large amount of jobs and economic growth (World Trade Organization [WTO], 2023). The contributions of SME businesses to

the growth of the economy are increasingly recognized. They are typically defined as strong and active job creators, the seedlings of huge enterprises, and the driving force behind national economic growth. In developed industrial countries, SMEs rather than multinational corporations are the main source of employment (Fajarika, Trapsilamati, & Sopha, 2024). SMEs account for a reasonable section of all jobs in the world. Furthermore, they generate the bulk of recent job opportunities (Inegbedion, Thikan, David, Ajani, & Peter, 2024).

However, the definition of SMEs varies by country, but according to SMEDAN, they are described as enterprises less than 200 employees with assets (excluding land and building) less than ₦500 million. According to the combined study of National Bureau of Statistics and the Small and Medium Enterprise Development Agency of Nigeria in 2020, it was reported that there were 39,654,385 SMEs in Nigeria. The report showed 7,987 small and medium enterprises in Oyo State, Nigeria in 2020 in line with the categorization of small and medium enterprises in Nigeria. SMEs drives entrepreneurship in Oyo State, with many firms operating in different sectors and playing vital roles in the economy of the state. SMEs in Oyo state have been instrumental in promoting economic growth and job creation which played a significant role in reducing poverty (Oyedokun & Amoo, 2023).

For a country's economy to expand, small and medium-sized enterprises (SMEs) are essential to the economies especially developing countries like Nigeria, where unemployment and poverty are still regarded as serious challenges that affect individuals. The foregoing clearly shows various meaning of SMEs and the strategic role SMEs continue to play in the world especially in Nigeria. Such roles cannot be over-emphasized, especially in an economy like Nigeria where there is high rate of unemployment. However, the statistics had shown that despite the various factors and definitions, the efforts and success of SMEs is important to the growth and development of any economy.

2.2 Theoretical Review

2.2.1 Chaffey's Theory

Chaffey's theory according to Chaffey and Ellis-Chadwick (2012) of social media marketing focus on observing and expediting customer's communication, involvement and distribution through

digital media to inspire constructive commitment with a corporation and its brands leading to profitable worth. Interactions may take place on a business website, social networks, and other third-party websites. According to this hypothesis, communications between businesses and their customers have a significant impact on both human behaviour and consumer behaviour. Thus, businesses engaged social media approach to inspire customers to make procurements, to persuade them to do so, and even to keep them devoted to a certain brand of goods or services. (Schioedt, Brannback, Carsrud, 2020).

This earlier research described how social media marketing affects business performance by means of Chaffey's hypothesis. Online marketing is an important class of computerized advertising which includes enabling consumer correspondences on a company's own website, or social lives. For instance, organizations can use Facebook or Twitter to send messages to clients or partners who have chosen it. It is imperative to take an interest in customer discussions to exploit the advantages of online networking. Chaffey theory argued that one-on-one interactions between businesses and their customers on social media platforms foster the development of long-lasting connections that eventually benefit the company financially. This view was also shared by Ologunbe and Taiwo (2023) as they stressed that communication is vital to any marketing strategy.

However, this theory has some limitations as it requires companies to change their mindset and surrender some control to successfully connect and interact with their customers. In addition, the strategies of social media marketing can be challenging to develop, improve and implement owing to the need for continuing customer engagement and technology. Secondly, chaffey's theory does not specify the conditions at which its supposition would be valid. Previous studies such as Uzuegbunam (2021) shown that poorly designed networks and communication can actually be counterproductive which may eventually negate the purpose. Furthermore, digital marketing success depends on various factors such as content strategy, target audience, platform selection, and consistent engagement. It is essential to analyze these factors and tailor the approach according to its purpose. Despite these challenges, Chaffey's theory remains an essential component of digital marketing strategies.

2.2.2 Social Network Theory

Social network theory is the study underpinning theory and it studies the relationships between humans, animals, or objects. According to Riva, Grassi, and Belingheri (2020), the theory was first introduced by Jacob Moreno and has since been applied in various disciplines such as economics, sociology, political science, communications, and marketing. Social networks are used to scrutinize patterns that appear inside social networks as well as their outcomes or attitudes. It is also an additional method for discovering patterns in social networks and how they affect behaviour in social network analysis. Social media platforms, for example, are helpful in this area since they let marketers listen to what customers are saying and exploit the influence of powerful users to disseminate information throughout their networks.

Social network allows reciprocal relationships across much participants based on trust, feedback is generated from the market for further improvement in offerings. It also enables close ties between sellers and buyers as well as the development of mutually beneficial relationships between marketers and influencers. Consequently, digital marketing tools are vital in this context because they permit sellers to pay attention to what their customers are saying, to comprehend what they are saying, and to take advantage of numerous chances to use to spread the word to others in their own networks. Research shows that the most influential consumers are those who have the most control across a variety of distinct networks.

Therefore, this theory is relevant to the study in the area of communication, building connections and social networking. However, social network theory in marketing studies has been underdeveloped therefore, lacked sufficient theoretical and contextualization wider debates. This implies that, this theory may not provide comprehensive understanding of human behaviour and relationships on marketing phenomena on its own. The theory focuses on connections and relationships between individuals and organizations, which is relevant to this study, however, it may overlook other factors that influences consumer behaviour, distributions and motivations.

2.3 Empirical Review

Aina, Adewale, and Oladipo (2024) investigated how social media management affected the performance of SMEs in Oyo State, Nigeria. The study employed a mixed-methods approach, combining qualitative interviews and quantitative surveys to give a comprehensive grasp of the subject. The study was guided by many theoretical frameworks that looked at digital marketing performance indicators, brand marketing, social media marketing, and customer relationship management. Since Oyo State is home to a sizable number of SMEs involved in manufacturing, construction, agriculture, and other industries in Nigeria, it was also the state with the highest number of registered enterprises. The study used purposive sampling, and the findings showed that social media management components such as customer engagement, social interactions, and personalization have an effect on the expansion of SMEs' sales in Southwest Nigeria. According to the survey, small and medium-sized businesses should interact with their clients on social media by responding to their reviews, complaints, and suggestions. For their social media channels, they should also create interesting and useful material. According to the survey, SMEs should post social media advertisements that customers can engage with at any time to foster a dynamic relationship and brand loyalty.

A study by Prayogi and Subriadi (2024) examined the critical role that digital marketing plays in supporting the expansion and development of SMEs in the face of digital transformation. A comprehensive examination of the literature and an analysis of previous research findings were the study's goals. 30 papers about the use of digital marketing were gathered for this study from journals that are included in Web of Science or Scopus. Brand awareness, customer engagement, worldwide market reach, and cost efficiency are the four main ways that digital marketing can improve the performance of SMEs, according to the results of this comprehensive literature analysis. The study found that the use of digital technology in digital marketing has grown dramatically and has had a favorable impact on a number of marketing aspects, including customer loyalty, promotion, and consumer behavior. According to the survey, SMEs should effectively employ digital marketing to improve business performance through cost effectiveness, global market access, customer interaction, and brand recognition.

Udoh, Sharma, Ajalie, and Agama (2024) examined how search engine marketing (SEM) influences the performance of SMEs in Abuja, Nigeria, using culture as a mediating variable. Using the Taro Yamane technique, the population of 2,690 SMEs was reduced to 348. The study employed a survey research design, gathering respondents through the use of primary data. Regressing the data gathered from the respondents was done in the study using the SmartPLS 3.3 with structural equation model (SEM). The findings showed that search engine marketing significantly and favorably improved the performance of SMEs in Abuja, Nigeria. Additionally, it was demonstrated that the culture (beliefs and values) of the assess of each setting has a considerable and partial influence on the performance of SMEs. Based on the findings, the study advised small and medium-sized enterprise (SME) owners to continue growing their companies by increasing the volume of products they produce and supply to the market as search engine marketing drives more sales.

Ilesanmi and Oyedepo (2023) examined how Nigerian SMEs' performance was impacted by digital marketing, including email, social media, search engine, mobile, and internet marketing. A descriptive survey design was selected utilizing a realistic sampling approach for data collection, and the Taro Yamane formula was used to calculate a sample size of 397. Inferential statistics were used to evaluate the data from the 374 correctly completed questionnaires that were retrieved and used in the study. The findings demonstrated that social media, email, search engine, mobile, and internet marketing all had a significant and positive impact on SMEs' success. According to the report, SMEs who successfully employ digital marketing techniques see an improvement in performance. The report suggested small and medium-sized firms (SMEs) to consider about establishing an integrated digital marketing strategy that incorporates various channels to generate a synergistic effect on performance.

Njoku, Udodidirim, Nduka, and Oyemachi (2023) investigated the effect of digital marketing on the survival of certain small and medium-sized firms (SMEs) in the face of the COVID-19 epidemic with concentration on Umuahia and Aba in Abia State, Nigeria. Primary and secondary data sources were both used. Using Taro Yamane's approach, the sample size was determined to be 248 respondents. Statistical Program for Social Sciences (SPSS) version 23.0 was utilized to code the new data and conduct analysis of variance (ANOVA) and multiple regression analysis (MRA). The

study found a positive relationship between certain SMEs' survival during the COVID-19 pandemic in Abia State, Nigeria, and digital marketing platforms (such as email marketing, internet advertising, social media marketing, and mobile marketing). The report recommended that enough training or continuous education programs be implemented for SMEs on the sustainability of digital marketing channels in order to support them, especially in Abia State, Nigeria, among other locations.

Azare and Uduji (2023) investigated how the performance of SMEs in North-East Nigeria was affected by digital marketing. Data collection and analysis for the study were done using a mixed-methods methodology. To ascertain the association between digital marketing and SMEs' performance in the chosen region, data was gathered from primary and secondary sources and examined using descriptive statistics, regression analysis, and correlation analysis. All SMEs in the North-East region of Nigeria made up the study's population, and Cochran's sample formula was used to calculate the sample size of 385, which was obtained by a stratified random sampling procedure. According to the survey, most SMEs in Nigeria's northeast had some experience with digital marketing. In particular, 63% of SMEs used social media, 47% used email marketing, and 72% of SMEs had a website. On the other hand, there was comparatively little usage of content marketing, mobile marketing, and SEO. As a result, the study suggested that SMEs invest in digital marketing expertise and abilities as well as fully embrace digital marketing channels to enhance their success.

Mohammed and Ahmad (2020) explored the effects of digital marketing on the operational effectiveness of small and medium-sized firms in the United Arab Emirates. The study looked at how search engine optimization, social media marketing, email marketing, affiliate marketing, and other digital marketing strategies impact company success. The study is quantitative and cross-sectional in nature. 305 SMEs in the UAE were included in the sample, which was chosen at random. Marketing managers and IT managers made up the majority of respondents. The study employed SMART-PLS to evaluate the collected data using structural equation modeling and measurement models. The findings demonstrated how digital marketing campaigns implemented by apps impacted SMEs' success in the United Arab Emirates and how advanced technology enables them to connect with clients from a distance. It was determined that

the findings of the study were relevant for assessing the impact of digital marketing on performance.

Ladokun (2019) investigated how SMEs in Oyo State, Nigeria, performed in relation to their social media strategy. The study looked at the connection between SMEs' performance and social media strategy and identified the elements that influence SMEs in Nigeria to adopt social media strategies. 132 SMEs were chosen as the study's sample size, while 1,458 SMEs that were registered with SMEDAN made up the study's population. The study used a structured questionnaire and in-person interviews as its data gathering methods. Both inferential and descriptive statistics were used in the data analysis. The findings indicated that SMEs primarily use Facebook, Twitter, and LinkedIn to get a competitive edge and that brand recognition helps to market goods and services. Governments should provide a business-friendly atmosphere for SMEs to flourish, according to the report, and the Small and Medium Enterprises Development Agency of Nigeria should educate SMEs' operators on the advantages of using social media.

Khamis (2018) valued the connection between social media marketing and the performance of small and medium firms in Nairobi County, Kenya. Presenting evidence of the connection between social media marketing as a marketing strategy and organizational performance within the framework of small and medium-sized businesses in Nairobi County is the goal of the study. The study's target demographic was all small and medium-sized enterprises (SMEs) in Nairobi County that were registered with the Micro, Small and Medium Enterprises Authority (MSEA). In the sampled sample of the study, 204 out of 255 participants successfully filled out and submitted their questionnaires. It also used equity and Chaffey's theories on a descriptive survey approach. With SPSS version 23, the data was analysed both descriptively and regressively. Nairobi County's SMEs use social media marketing extensively, per the survey's descriptive statistics. The performance of SMEs in Nairobi County was found to be significantly impacted by social media marketing. There were some research that agreed with the conclusions of the study, while others disagreed. Additionally, the study's findings have shown evidence in favor of Chaffey's theories and marketing equity. A thorough investigation into the obstacles to social media marketing's adoption in different settings, such as the government, was suggested by the study. Additionally, the study recommended that the

impact of moderating and mediating factors be examined in situations where there has been a lack of consensus among studies. This is due to the possibility that the influence of the control variables is what causes the differences in the outcomes.

3. Methodology

A well-structured questionnaire was used as part of the survey procedure for this study in order to collect data from participants. The 2020 National Bureau of Statistics data on the 7,987 SMEs in the 33 LGA of Oyo State, Nigeria, yielded a sample size of 366 based on the Krejcie and Morgan (1970) calculation. Nonetheless, 358 copies of the questionnaire were returned and used in the research, making a response rate of 97.81%. A purposive and stratified sampling techniques were used to select business owners that were into digital marketing with their presence visible online. Participant were selected within each stratum based on relevant character to ensure a diverse and informative sample, and this served as the primary source of data for the study. The research utilized descriptive statistics of simple percentage, mean, standard deviation and coefficient of variation and inferential statistics of logit regression for data analysis. In order to be sure that the questionnaire used for the study was valid and reliable, a test pre-test was carried out on the instrument used and this reaffirmed that the instrument used was valid.

$$S = \frac{X^2 \cdot N \cdot P(1-P)}{d^2(N-1) + X^2 \cdot P(1-P)} \dots\dots\dots (1)$$

The sample size is obtained by substituting, N = 7987, P= 0.50, d= 0.05 and

$$X^2, 1, 0.95 = 3.84146$$

$$S = \frac{3.84146(7987)(0.50)(1-0.5)}{0.052(7987-1) + 3.84146(0.50)(1-0.5)}$$

$$S = \frac{7670.44}{20.93}$$

$$S = 366.48$$

4. Result and Discussion

Table 1: Mean and Standard Deviation Computed for Social Media Marketing

S/N	Variable	N	Mean	SD	Remark
1	My firm use social media marketing actively to promote products/services.	358	4.06	1.00	Enhanced SMM
2	Social media marketing has improved access to reach more customers.	358	4.08	0.86	Enhanced SMM
3	Our business operating costs has reduced due to social media marketing.	358	4.19	0.76	Enhanced SMM
4	Our social media goals integrated with the overall business objectives.	358	3.73	1.05	Enhanced SMM
5	Social media marketing drive revenues performance of the business.	358	4.00	0.99	Enhanced SMM
6	My firm has mechanism in place to monitor competitive products and firms online.	358	4.09	0.89	Enhanced SMM
7	Our online presence compare to that of our competitors is impressive.	358	4.23	0.78	Enhanced SMM

Note. N = number of respondents. SD = standard deviation. Items were measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

Source: Researcher's Survey 2025

Table 1 presented the result of the mean and standard deviation computed for social media marketing. From the result, it was found that a substantial number of the SMEs agreed that their firms used social media marketing actively to promote products/services with the acceptable mean of 3.00. The test item enhanced SMM since the mean calculated \geq or equal to 3.00 or otherwise Rank was done on the basis of STD and the lower the Std the better the Rank.

Table 2: Mean and Standard Deviation Computed for Search Engine Optimization

S/N	Variable	N	Mean	SD	Rank	Remark
1	My firm is familiar with the determinants of online search visibility.	358	4.06	0.99	5.5 th	Improved SEO
2	My firm deploys easy to access search engine.	358	4.07	0.85	3 rd	Improved SEO
3	Our website visitors usually become our customers, clients or audience that	358	4.19	0.76	1 st	Improved SEO

	keeps coming back.						
4	My firm focus on the rank of the business on the web search for quality internet traffic.	358	3.73	1.04	7 th	Improved SEO	
6	Payment for products through our specially design portal is free from the problem of non-responsiveness.	358	4.10	0.89	4 th	Improved SEO	
7	The visibility of our products on search engine is notable.	358	4.23	0.78	2 nd	Improved SEO	

Note. N = number of respondents. SD = standard deviation. Responses were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

Source: Researcher's Survey 2025

Table 2 presented the outcome of the mean and standard deviation calculated for the respondents' perception on search engine optimization with acceptable mean of 3.00. The test item improved SEO since the mean calculated > or equal to 3.00 or otherwise. Rank was done on the basis of STD and the lower the Std the better the Rank *SEO = Search Engine Optimization.

Table 3: Pooled Regression Result

Variable	Coefficient	Standard Error	T-calculated	P-value
C	0.587665	3.417048	0.171980	0.9876
SMM	0.712440	0.088394	8.059823	0.0000
SEO	0.237634	0.049069	4.842854	0.0000
			Mean dependent var	113.8324
R-squared	0.637156		S.D dependent var	7.613924
Adjusted R-squared	0.658512		Akaike criterion	16.62268
S.E. of regression	6.687642		Schwarz criterion	16.70665
Sum squared resid	15787.77			

Log likelihood	-1185.756	Hannan-Quinn criter.	16.67822
F-statistic	247.3558	Durbin-Watson stat	1.757625
Prob(F-statistic)	0.000000		

Note. SEO = Search Engine Optimization. AIC = Akaike Information Criterion; SC = Schwarz Criterion; HQC = Hannan-Quinn Criterion. p-values less than .05 are statistically significant.

Source: Researcher's Survey, 2025

In Table 3, the findings of the pooled regression analysis showed that social media marketing had a considerable and favourable effect on the performance of the chosen SMEs. The basis for this claim was that the SMM variable's regression coefficient, which was determined at 0.71, was positive and had a significant t-statistics value of 8.05. According to the regression value, 1% increase in social media marketing uptake and use may result in a 0.71% rise in SMEs' performance. SMM is therefore a useful indicator of SMEs' performance because the variable was substantial. The outcome additionally demonstrated that the p-value of the t-statistics calculated for the social media marketing variable of 0.0000 was below the 0.05 threshold value. This implied that social media marketing has an impact on the performance of SMEs.

The table also indicated that search engine optimization had a favourable and substantial impact on the SMEs' performance. This was buttressed by the finding that the regression coefficient of 0.24 for the SEO variable had a significant t-statistics value of 4.84. According to an economic interpretation, this means that a 1% rise in the search engine optimization variable led to a 0.24% improvement in SMEs' performance. Also, the t-statistics calculated for the SEO variable had a p-value of 0.0000, which was less than the critical threshold of 5%. This means that SEO had a substantial impact on the performance of the selected SMEs. The implication of this is that, search engine advanced both the financial and non-financial performance target of the selected SMEs.

Furthermore, the significant F-statistics value of 247.36 showed that the test's 0.0000 F-statistics' p-value was below the critical value of 5%. Stated differently, the joint null hypothesis, which indicated that digital marketing had no significant impact on the performance of small and medium-sized enterprises in Oyo State, Nigeria, was rejected. The performance of SMEs in Oyo State, Nigeria, appeared to be much improved by digital marketing, which

was a logical conclusion to draw. Digital marketing produced more accurate information about SMEs' performance, as confirmed by the information criteria acquired for the test result. Every deviation recorded throughout the examination fell within the permissible range. The variables in the test did not have an auto-correlation issue, according to the Durbin-Watson statistics calculated for the 1.757625 test. Therefore, it was accurate to say that digital marketing had a favourable impact on SMEs' performance.

4.4 Discussion of Findings

The study findings agree with Ladokun (2019) that digital marketing channels allows businesses to exploit competitive advantage and promotes brand awareness which enhance further improvement on product and services for better patronage. In examining the factors of digital marketing, the research finds that social media has positive influence on the profits, return on investment and rapid response to market demand. The result indicated that customer engagement through social media marketing is significantly related to the study of Khamis (2018) that asserted that social media significantly affects SMEs' ability to engage their audience and establish brand awareness, which results in referrals, repeat business, and higher sales revenues. By interacting with customers using social media, the relationships between the firms and their customers is strengthened and thereby boost the profit of the business. This supports the goal of examining how social media marketing affects small and medium-sized businesses' performance.

The findings of Aina *et al.* (2024) which showed that social media management components affect the expansion of SMEs' sales in Southwest Nigeria is in tandem with the findings of this study. The connection between the small and medium-sized businesses with their customers on social media by responding to their reviews, complaints, and suggestions will reinforce long-lasting relationship and build brand loyalty. In addition to the findings, the research finds that search engine optimization positively enhances innovativeness of small and medium enterprises which is consistent with previous studies. It is clear that search engine optimization enhances innovativeness and increase the chances of competing with large companies. This align with the study of Mohammed and Ahmad (2020) that posits that search engine optimization is a channel of digital marketing to increase SMEs global reach as well as

competing with larger companies through business visibility by allowing businesses to connect with clients from a distance.

Furthermore, Prayogi and Subriadi (2024) in their study stated that brand awareness, customer engagement, worldwide market access, and cost efficiency are the four main ways that digital marketing can improve the performance of SMEs. Social media and search engine optimization provides an opportunity for businesses to engage and reach out to customers globally with potentials to improve their profits and innovations. This is also in agreement with the findings of this study.

Generally, the outcome is in agreement with the study of Azare and Uduji (2023) which stated that digital marketing is a fundamental crucial platform to influence overall success of a firm. The study stated SMEs can invest in digital marketing expertise and abilities to fully embrace digital marketing channels to enhance their success. Research results also suggest that SMEs can align their marketing strategies within the digital setting for improved business performance with specific indicators.

5. Conclusion and Recommendations

This study had shown that the application of digital marketing channels enhances performance of SMEs. On this basis, it can be concluded that social media marketing contributes absolutely to the SMEs performance. The implementation of effective social media marketing enhanced customers' patronage for the products and services of the SMEs beyond the business owners' locality, thus increasing the financial and non-financial performance of small and medium enterprises. Also, search engine optimization boosted the business performance of the selected SMEs. The application of effective SEO increased online visibility making it easier to gain new markets, stay ahead of changing market conditions and foster innovation. This indicated that social media and search engine optimization are effective digital marketing strategies that may be used to boost profitability and innovativeness of businesses.

It can be deduced that the right social media marketing techniques should be deployed by SMEs for the continuous performance of the businesses. This is basically necessary in order to widely spread the products and services of the firms. To increase customer base and profitability of their businesses, social media marketing must be integrated as part of the marketing strategy as used

by the selected SMEs. The initial cost of setting up online marketing through appropriate search engine may seem high for the SMEs but the need to increase attract more customers and enhance sales revenue growth may necessitate the SMEs to continue to use search engine optimization to promote their products. In addition, it is advisable for SMEs to engage the use of experienced and specialized agents to digitally market their products and services to encourage professionalism and higher visibility. This would reduce marketing cost for the SMEs with limited resources but gives maximum visibility for their business. Also, there should be a continuous evaluation of the digital marketing tools used in the business so as to ensure the right marketing tools that meets customer's needs to enhance business performance.

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