

Measuring the level of Digital Marketing Capabilities, Digital Marketing Strategies and Challenges and Issues of SMEs in adopting Digital Marketing

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ABSTRACT

The adoption of technology for marketing is crucial for the survival of small and medium enterprises (SMEs) and yet little is understood about owner-manager practice in this area. The purpose of the study is to determine the level of current digital marketing capabilities, digital marketing strategies, and challenges and issues in adopting digital marketing. This paper aims to address the relationships of these variables through a quantitative study of 134 owner-manager by SMEs operating in Angeles City, Pampanga. The researcher found that there was a strong need for the adoption of technology for marketing and for a clearer recognition of its opportunities as to how it could create a stronger market orientation and more agile marketing, adhering to the principles of effective thinking. The ability of SMEs to turn this positive view of digital marketing into a strong digital marketing plan or structure is hindered by lack of technical capability. SMEs are lagging behind digital marketing adoption and are ineffective in developing and implementing online marketing strategies. These findings may influence positive social change by contributing to more effective and efficient marketing practices of SMEs that can lead to better financial performance, higher survival rates, and a healthier economic system.

Keywords: Small and Medium Enterprises, Digital Marketing Capabilities, Digital Marketing Strategies

INTRODUCTION

There is growing attention to the essential role operated by SMEs to support growth (Miranda & Miranda, 2018). Marketing is everything a company does to place its product or services in the hands of potential customers. To do this better than the competition, they must know everything about their customers from what their need is and how they can satisfy it, to what needs they can further create (Gomez-Piqueras et al., 2017). To be successful, the companies need to maintain a very good relationship with their existing customers and to know their future needs even before they know them (Lacap et al., 2021; So et al., 2016). The focus nowadays is to sell as much as one can to a customer, focusing on the existing customers while acquiring new ones and treating them as individual persons and not as a target group (Rani & Usman, 2019). The Internet could change small and medium enterprises (SMEs)

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marketing in several areas including customization, customer relationship marketing, access to new markets, business-to-business collaboration, co-creation of the product with customers, and improving internal efficiency (Ansari & Mela, 2003; Barnes et al., 2012; Harrigan et al., 2010; Harris & Rae, 2009). Business sources such as the consulting firm McKinsey noted in 2011 that SMEs who have a resilient Web existence grow twice as rapidly as those who have no or minimal presence (Talegeta, 2014).

According to Kim, Lee and Lee (2011), all firms with a unique presence of Web 3.0 through higher management skills, innovation, and business process reengineering are possible to grow sustainable competitive advantage. However, despite the importance, the indication suggests that SMEs' adoption of the digital is narrow and limited (Distanont & Khongmalai, 2018). SMEs are facing challenges, which hinder them from completely utilizing the Internet for marketing (Cham et al., 2021; Kim et al., 2011; Lim et al., 2019). The way consumers find and use information changes with increasing digital adoption rates and advances in technology. Zickuhr and Smith (2012) found that 92% of consumers search online for products and services. To reach target audiences across different devices and platforms with the information they want, small business owners need to embrace digital or online marketing (Syaifulallah et al., 2021). As a result, this study aims to describe the digital marketing capabilities and strategies of MSMEs and assess the challenges and issues in adopting digital marketing. Specifically, to make recommendations that will assist MSMEs in improving their business performance by fully embracing digital marketing as a marketing approach.

LITERATURE REVIEW

The MSMEs sector shows a vigorous part in the economy being the admission point for business owners to form and build new enterprises that can generate wealth and employment (Hamzani & Achmad, 2016). The Department of Trade and Industry (DTI) stated that MSMEs encompassed 99.6 percent of all registered businesses in the Philippines and employed 70 percent of the workforce in 2015. These business owners were involved in wholesale and retail trading, agriculture, construction, education, real estate, the operation of hotels and restaurants, and the manufacture of food, electronics, textiles, and garments.

Researchers noted that marketing is important to the success of small and medium businesses (Jazra et al., 2011; Walsh & Lipinski, 2009). Marketing channels are available to companies to convey their messages (Yusra & Agus, 2020). These channels comprise traditional media such as print, radio, and television as well as emerging media such as online advertising, social media, and mobile marketing. Digital marketing is more cost-effective compared to traditional media, and companies are shifting their marketing budgets to e-marketing (Rollins, Nickell, & Ennis, 2013). According to Jazra et al. (2011), some of the factors that contribute to business failures include lack of financial and technological resources, government support, marketing strategies, and entrepreneurial skills. Researchers found that the availability of financial resources was the most important factor in a small business' success (Halibi & Lussier, 2014; Jazra et al., 2011). Small business owners often have limited financial resources, and the way they allocate these resources is critical (Quaye & Mensah, 2019). Increasing the efficiency of marketing efforts and planning activities may help firms increase their chances of survival (Halibi & Lussier, 2014). Small and medium business owners with limited marketing and financial resources need to find the optimal way of promoting their businesses. Small and medium businesses vary not only in size and revenue, as suggested by some technical definitions, but also in age, industry, motivations, location, resources, and

organization, among other factors (Valadez, 2011). Although small firms are not a homogeneous group, they share some common characteristics such as lack of knowledge, in-house expertise, and financial capital that often prevent them from developing the same economies of scale as bigger businesses (Resnick et al., 2011). These limitations leave small business owners with fewer options for performing different business activities and little margin for error (Bharati & Chaudhury, 2012).

Digital marketing offers numerous benefits when compared to traditional media channels. Digital marketing strategies may improve customer relationships, operational efficiency, marketing effectiveness, and a firm's performance when implemented properly (Dlodlo & Mafini, 2014; Eid & El-Kasswawy, 2012; Hamidi & Safabakhsh, 2011; Huang & Tsai, 2011). Some larger organizations are already benefiting from digital marketing while small businesses are lagging in adoption (Boyles, 2011; Harrigan, Ramsey, & Ibbotson, 2012). Businesses that are choosing not to venture into digital marketing somehow lose competitive advantage, since some consumers search for information and make purchases online. The general business problem is that small business owners often face challenges with the use of digital marketing to promote products or services. These challenges include the lack of knowledge on how to develop and implement a digital marketing strategy.

Digital Marketing

Digital marketing is offering a wide spectrum of the newest technological tools, which could considerably increase sales volumes in every branch all over the world. Online marketing has a lot of advantages as compared to traditional communications with potential customers. In the literature, researchers cited the potential benefits of digital marketing. Some of the benefits mentioned in the research apply to enterprises of all sizes; however, some authors focused on highlighting the ways marketing online can benefit small- and medium-sized businesses (Harrigan et al., 2011; Kim et al., 2011). Researchers agreed that the benefits of digital marketing could help small firms become more competitive, yet one of the controversial and under-researched issues was measuring the actual impact of online marketing activities on a firm's performance (Harrigan et al., 2011). Researchers often compare digital marketing to traditional media channels such as print, direct mail, radio, and television advertising. Interactivity, personalization, immediate response, flexibility, and precise measurement are some of the advantages of online advertising over traditional media (Hanafizadeh, Behboudi, Ahadi, & Varkani, 2012). However, researchers have demonstrated that the use of the Internet may help improve a firm's operational and marketing efficiency (Dlodlo & Mafini, 2014; Eid & El-Kasswawy, 2012; Hamidi & Safabakhsh, 2011; Huang & Tsai, 2011). For example, Hamidi and Safabakhsh (2011) cited the affordability of online marketing compared to other channels. The Internet offers a range of opportunities for firms to achieve marketing and operational efficiency gains by lowering costs (Boyles, 2011; Hanafizadeh et al., 2012). Therefore, digital marketing may have a positive effect on the efficiency of marketing expenditures.

Digital Marketing Capabilities

A benefit of digital marketing is the ability to reach wider audiences and advertise anytime and anywhere (Fan & Tsai, 2014; Hamidi & Safabakhsh, 2011; Rezvani et al., 2012). Digital marketing may help small firms grow internationally (Bell & Loane, 2010). Researchers suggested that small firms could achieve rapid growth, scalability, and efficiency by using web technologies to collaborate, share, and create business opportunities (Bell & Loane,

2010). Digital marketing allows companies to grow internationally and expand to new markets; it also allows reaching audiences across different devices. Small business owners can use digital marketing to extend their reach and promote their product or service to potential customers outside of their area (Sinkovics & Sinkovics, 2012). At the same time, consumers can browse a company's website at any time and from anywhere with an Internet connection. The ability to compete with larger organizations and reach more customers is important for small businesses. The use of online tools such as websites, e-mail, online advertising, viral marketing, and social media allows companies to increase their brand name awareness, loyalty, perceived quality, and brand associations (Sharma, 2011; Simmons, Armstrong, & Durkin, 2011). Due to the virtual nature of the World Wide Web, having an established and trusted brand on the Internet is valuable since it may help simplify a buyer's decision-making process by providing familiarity and lowering the perceived risk (Morgan-Thomas & Veloutsou, 2013). Internet marketing can enable increased brand visibility. Simmons et al. (2011) found that the core of successful Internet branding was the understanding of target customers, which allows companies to create personalized marketing communications and content to better address customer needs and increase engagement with the brand. Understanding the target audience may help identify appropriate channels and tools for communication with prospective and current customers (Durkin, 2013; Simmons et al., 2011).

Digital Marketing Strategies

Digital marketing technologies may positively impact the relationship with customers while making the process efficient and effective. Firms may improve customer relations and targeting activities by using the Internet to synchronize existing communication channels (Eid & El-Kassrawy, 2012). Companies can use interactive communication technologies and tools such as e-mail, eCRM, social media, and chats to personalize and automate marketing communications (Harrigan et al., 2011). The Internet and evolving technologies allow businesses and marketing specialists to collect and organize data about individuals' interests or characteristics as they surf the Internet and input personal information (Christiansen, 2011). Access to personal data allows marketers to deliver targeted and effective advertising (Christiansen, 2011). Integration of customer data with online marketing tools is important for small businesses to improve communication and relationship quality with current and prospective customers.

The use of digital marketing offers benefits, yet not all small businesses take advantage of it. The research that explored what drives some small businesses to adopt digital marketing was fragmented and limited in scope. Some studies on this topic were exploratory and focused on the type of usage and the barriers hindering adoption of digital marketing; as well as e-commerce, e-business, and social networks (Alam, Ali, & Jani, 2011; Jarvinen et al., 2012; Omar et al., 2011; Pentina, Koh, & Le, 2012). Some authors focused on examining the factors that influenced SMEs' adoption of online advertising (Hanafizadeh et al., 2012). Dlodlo and Dhurup (2013) examined the adoption process and focused on the drivers of e-marketing implementation. In this literature review, the main factors that motivated businesses to engage in marketing online were environmental factors, organizational factors, and technology factors (Dlodlo & Dhurup, 2013; Hanafizadeh et al., 2012; Omar et al., 2011).

The environmental factors that affect small businesses include pressures from customers, competitors, and regulatory agencies. Dlodlo and Dhurup (2013) found that external pressures had a significant impact on small business owners' decisions to adopt digital

marketing. The immediate network of suppliers, clients, family members, employees, and friends influenced owner decisions to adopt new technologies (Parker & Castleman, 2009). Pentina et al. (2012) confirmed that the social influences by industry experts, competitors, and customers affected the intentions to adopt social networks marketing. The growth of the Internet and advances in technology have revolutionized and transformed the way people live and do business (Wesserman, 2011). Consumer behavior changed with the advent of the Internet. Aside from expecting to find, buy, and review products and services online, consumers expect personalized experiences and fast company response (Berman & Kesterson-Townes, 2012; Jimenez & Mendoza, 2013; Marshall, Moncrief, Rudd, & Lee, 2012; Rosen & Phillips, 2011).

Challenges and Issues in adopting Digital Marketing

Furthermore, to deliver relevant, personalized, and contextualized information to consumers, marketers should be aware of where and how customers access information on the Internet. Consumers may not rely on local providers because they can purchase products and services from around the globe. Hanafizadeh et al. (2012) found that companies operating in competitive industries adopted online advertising to stay competitive. Changing consumer behavior, competitive pressures, and widespread access to the Internet are important drivers of online marketing adoption among small businesses (Hanafizadeh et al., 2012; Pentina et al., 2012). Researchers noted organizational characteristics that influence small businesses' adoption of digital marketing. One of the drivers is small business owners' awareness and understanding of digital marketing benefits (Dlodlo & Dhurup, 2013; Hanafizadeh et al., 2012; Omar et al., 2011). For example, 50% of Malaysian SMEs surveyed by Omar et al. (2011) were not aware of the operational and financial advantages of online marketing. Lack of understanding of how Internet marketing can lead to efficiency and lower costs may inhibit adoption. Hanafizadeh et al. (2012) confirmed that SMEs with a higher awareness of Internet advertising benefits had the higher motivation to implement the process. Furthermore, factors that affected adoption included compatibility of digital marketing with organizational culture, goals, and attitude towards technology (Alam et al., 2011; Dlodlo & Dhurup, 2011).

Researchers noted that ease of use was an important factor (Alam et al., 2011; Omar et al., 2011). Omar et al. (2011) explained, however, that ease of use was not significant because small businesses that perceived digital marketing as a complex endeavor could outsource it to a web agency. Moreover, researchers found that advertising agencies affected SMEs' decisions to adopt online advertising (Hanafizadeh et al., 2012). Business owners who do not understand the benefits of Internet marketing may not adopt the process even if they think it is easy to implement (Omar et al., 2011).3).

The use of digital marketing by small firms is in its beginning. It is important to explore the reasons behind the lagging adoption to understand why small businesses have low Internet marketing usage rates. The review of the relevant literature showed that the barriers inhibiting Internet marketing are lack of time, expertise, and financial resources (Hanafizadeh et al., 2012; Omar et al., 2011; Resnick et al., 2011)

Relationship of the Constructs

Successful implementation of digital marketing strategies requires specialized knowledge (Jarvinen et al., 2012). Digital marketing channels are evolving and becoming fragmented. Due to this complexity, small business owners may not be capable of keeping up with the

fast-changing technologies and need help managing online marketing activities (Chaffey & Patron, 2012; Jarvinen et al., 2012). Due to the generalist nature of some business owners, they may benefit from outsourcing e-marketing to a web agency unless they can afford to hire in-house specialists.

Digital marketing is not a stand-alone activity. To benefit from digital marketing, businesses should integrate it with other processes and systems (Fan & Tsai, 29 2014). Harrigan et al. (2011) found that SMEs were struggling to integrate online advertising with existing relationship management processes. The successful integration of Internet marketing into a firm's operations requires not only the knowledge of online marketing but also adequate IT infrastructure and the experience to know how the two work together.

Digital marketing may not be the best channel for all small and medium businesses, but its benefits warrant an assessment and a consideration. Moreover, the benefits of digital marketing and new technologies do not automatically translate to increased financial performance and operational efficiency (Thompson, Williams, & Thomas, 2013). The complexity and diversity of Internet technologies often require specialized knowledge and understanding of potential challenges and perils (Bordonaba-Juste, Lucia-Palacios, & Polo-Redondo, 2012).

RESEARCH OBJECTIVES

The purpose of the study is to determine the level of current capabilities, current digital marketing strategies, and challenges of Small and Medium Enterprises (SMEs) in Angeles City, Pampanga. The implementation of digital marketing strategies may improve customer relationships, operational efficiency, marketing effectiveness, and firm performance. By engaging in online marketing strategy planning, acquiring specialized Internet marketing knowledge, measuring marketing performance, and extending their online marketing resources, small and medium business owners may develop and implement successful online marketing strategies. However, the ability to take advantage of these opportunities was constrained by a lack of knowledge and in particular an inability to measure the return on investment. The ability for small and medium firms to turn this positive view of digital marketing into a clear digital marketing plan or structure is hindered by a lack of technical capability. This research paper identifies the digital marketing capabilities, strategies and challenges, and issues in adopting digital marketing in illustrating the level of practices of small and medium business owners. The result of the study may contribute and be useful to the Department of Trade and Industry, SMEs in the Philippines, and future researchers. Thus, this study attempts to check if:

H1: *Digital marketing capabilities significantly correlate digital marketing strategies*

H2: *Digital marketing capabilities significantly correlate challenges and issues in adopting digital marketing*

H3: *Digital marketing strategies significantly correlate challenges and issues in adopting digital marketing*

RESEARCH METHOD

This study used the descriptive quantitative method of research. This method was utilized to determine the digital marketing capabilities, digital marketing strategies, and challenges and issues in adopting digital marketing of SMEs in Angeles City, Pampanga. The researcher used respondents from the different small and medium businesses in Angeles City, Pampanga. The respondent included the owner, store manager, supervisor, and entrepreneur of these establishments. The list of SMEs in Angeles City, Pampanga showed that there was a total population of 425 small enterprises and 54 medium enterprises. These were the basis for the respondent's population. The computed total sample size was 134 respondents. To get the intended outcomes of the research project, the following statistical treatment of data is required for quantitative data analysis: (1) Frequency Distribution. This will be used to describe the profile of the respondents. In addition, frequency distributions are descriptive statistics that provide data sets that are informative and summarized. (2) Mean rating and Standard Deviation. Mean rating will be used to calculate the average responses to the various options supplied in the survey questionnaire. On the other hand, the standard deviation will measure the dispersion of a dataset relative to its mean. The standard deviation is a measurement used to determine the difference between the calculated mean and the actual mean. A high standard deviation indicates that values are generally far from the mean, whereas a low standard deviation indicates that values are clustered close to the mean (Bhandari, P., 2021). The questionnaires were electronically distributed and collected by the researcher. The data set collected was statistically analyzed through the use of the Statistical Package for Social Sciences (SPSS).

Demographic profile of the respondents

The demographic profiles of the respondents are shown in Table 1. There are 134 owner-managers of SMEs in Angeles City, Pampanga, who voluntarily participated in this research undertaking. It can be seen that 43% were enterprises registered as a single proprietorship, 31% were enterprises registered as a corporation, and 25% were enterprises registered as a partnership. The results indicated that most of the enterprises were registered as a single proprietorship. Also, 63% of enterprises have an asset size from three up to fifteen million (3-15 million) and 37% of enterprises have an asset size from fifteen up to one hundred million (15-100 million). Most of the respondents belong to small enterprises because the size of the assets is three up to fifteen million (3-15 million), while a handful of the respondents are categorized as a medium enterprise with an asset of fifteen up to one hundred million (15-100 million).

Additionally, it can be seen from the table that out of 134 enterprises, 33% have been existing for twenty-one (21) years and more, 30% have been existing for five to ten (5-10) years, 16% have been active for less than five (5) years, 11% have been operating for sixteen to twenty (16-20) years, and 8% have been functioning for eleven to fifteen (11-15) years. The result implied that most of the enterprises have been operating for twenty-one (21) years. In addition, as shown in the table, 88% of enterprises have ten to fifty (10-50) employees, and 12% of enterprises have fifty-one to one hundred ninety-nine (51-199) employees.

The result shows that most of the enterprises have enough employees to run the business. Moreover, the table classifies the industry or nature of the business. As shown in the table, 63% belong to other service activities, 14% belong to wholesaling and retail trading, 6% belong to human, health, and social work activities, 5% belong to education, 3% belong to

transportation and storage, 2% belong to admin and support service activities, 1 % belong to real estate activities and 1% belong to manufacturing and construction. The result revealed that the majority of the enterprises were categorized under other service activities such as accommodation, beauty shops, and food and beverages services.

Table 1: Demographic Data of Respondents

Participants' Characteristics	Profile	Percentage
Form of ownership	Single Proprietorship	43
	Partnership	31
	Corporation	25
Category of enterprises	Small (3-15 million assets)	63
	Medium (15-100 million assets)	37
Number of years	Less than 5 years	16
	5 to 10 years	30
	11 to 15 years	10
	16 to 20 years	11
	21 years and above	33
Number of employees	Small (10-50 employees)	88
	Medium (51-199 employees)	12
Industry	Manufacturing	1
	Water supply, etc.	1
	Construction	1
	Wholesale and retail trade, etc.	14
	Transportation and storage	3
	Real estate activities	1
	Admin and support service activities (BPO)	2
	Education	5
	Human, health, and social work activities	6
	Other service activities	63
	Financial and insurance activities	2

Item loading of related factors

Table 2 provides a summary of the values of Cronbach's alpha, estimates, z-value, p-value, and confirmatory factor analysis.

Table 2: Confirmatory Factor Analysis and Reliability Test

Factor	Item	Factor Loading	Estimates	Z	p	Cronbach's alpha
DMC	DMC1	0.793	0.755	11.29	< .001	0.791
	DMC2	0.854	0.906	12.4	< .001	0.791
	DMC3	0.784	0.69	10.55	< .001	0.792
	DMC4	0.885	0.692	9.77	< .001	0.796
	DMC5	0.758	0.807	12.39	< .001	0.794
	DMC6	0.757	0.793	13	< .001	0.789
	DMC7	0.823	0.741	11.88	< .001	0.791
DMS	DMS1	0.373	0.536	6.04	< .001	0.798
	DMS2	0.547	1.026	9.19	< .001	0.787
	DMS3	0.633	1.143	9.79	< .001	0.787

	DMS4	0.527	1.04	7.61	< .001	0.792
	DMS5	0.429	0.68	7.6	< .001	0.789
	DMS6	0.68	1.225	9.54	< .001	0.791
	DMS7	0.728	1.131	9.33	< .001	0.789
CDM	CDM1	0.606	0.587	6.1	< .001	0.809
	CDM2	0.847	0.943	10.39	< .001	0.813
	CDM3	0.776	0.984	12.47	< .001	0.821
	CDM4	0.687	1.072	11.48	< .001	0.829
	CDM5	0.789	0.997	11.99	< .001	0.822
	CDM6	0.857	0.92	11.22	< .001	0.816
	CDM7	0.601	0.626	6.41	< .001	0.808

Notes: DMC: digital marketing capabilities, DMS: digital marketing capabilities, CDM challenges, and issues in adopting digital marketing

RESULTS AND DISCUSSION

Table 3 shows that the SMEs in Angeles City are practicing all the digital marketing capabilities as reflected by the mean rating scores. The capabilities with the highest mean are skills followed by system and style. On the other hand, the capability with the lowest mean is the staff.

Table 3: Construct Mean and Standard Deviation

Construct	Item	Mean	AVE	Std. Deviation	AVE	Verbal Interpretation
DMC	DMC1	3.94	3.9243	.932	.80120	highly practiced
	DMC2	3.88		1.055		
	DMC3	4.00		.893		
	DMC4	3.75		.945		
	DMC5	3.96		.941		
	DMC6	4.01		.897		
	DMC7	3.93		.886		
DMS	DMS1	4.34	3.3284	1.076	1.03655	highly practices
	DMS2	3.74		1.466		
	DMS3	2.46		1.485		
	DMS4	2.91		1.629		
	DMS5	4.28		1.127		
	DMS6	3.19		1.614		
	DMS7	2.40		1.517		
CDM	CDM1	2.45	2.4733	1.154	.93184	rare challenges
	CDM2	2.34		1.221		
	CDM3	2.31		1.133		
	CDM4	2.63		1.301		
	CDM5	2.65		1.178		
	CDM6	2.62		1.125		
	CDM7	2.31		1.179		

Notes: DMC: digital marketing capabilities, DMS: digital marketing capabilities, CDM challenges, and issues in adopting digital marketing

Digital Marketing Capabilities

The capability with the highest mean is skills, which means that SMEs are capable (with formal or informal training) to implement social/digital marketing platforms, such as the use of Facebook and other social media platform since most of the enterprises nowadays can easily and accessibly use or make social media awareness, enterprises are taking advantage of implementing social media activities to promote and communicate their product or service easily and conveniently. The second capability with a high mean is a system. The statement states that SMEs are using technology like information technology (software) to support digital marketing. Technology is a powerful tool/medium to make awareness, especially to your consumer. The use of technology can make a convenient transmission of your product or service to your different audiences. The third capability with a high mean is style. The statement means that SMEs can effectively communicate their message to the consumers using social media and internet participation. Online/digital social media is part of customers' day-to-day living. Through this, enterprises tend to take advantage of this opportunity to communicate their message to their consumer. These social media activities can make the business successful because they can easily promote and deliver a message to their customer. The capability with the lowest mean is the staff. The statement discusses that SMEs have enough employees who are knowledgeable about digital marketing. The enterprise must have enough employees to be able to cater to the needs and wants of a customer, and also these employees should know how to use social media or digital marketing platforms. The result stated that this capability must look into since employees are the ones who initiate and make this marketing activity successful.

Digital Marketing Strategies

SMEs in Angeles City are practicing some strategies: several enterprises were moderately practicing strategies and others were least practicing digital marketing strategies as reflected by the mean rating scores. The strategies with the highest mean are Email, Facebook, and websites (WWW). On the other hand, the strategy with the lowest mean is twitter. The strategies with the highest mean rating are Email, Facebook, and Websites. The result states that the following strategies were used and applied. These strategies such as web presence integrated with meaningful and sustained social media promotion can have a positive impact on business success in terms of increased traffic, awareness, and revenues. The strategy with the lowest mean rating is twitter. The result states that various SMEs do not use Twitter in their business operations. Some businesses are not aware of the importance of Twitter in today's generation and the benefits of using this platform. Although Twitter does not directly affect a business; with today's online consumer behavior, Twitter is becoming essential to maintaining an online presence, and even obtaining customers. Twitter is not as hard as it may seem, and it offers a wide range of benefits for your business. Although a review of the literature indicates that Internet marketing offers numerous benefits, researchers found that small and medium businesses lagged in adoption (Mohamad & Ismail, 2013; Omar et al., 2011). Jarvinen et al. (2012) and Omar et al. (2011) showed that the use of digital marketing among SMEs was limited to a blog, mobile advertising, Instagram, and Twitter. Some SMEs had a different social media platform, but they had limited knowledge of how to use it for marketing (Kriechbaumer & Christodoulidou, 2014; Resnick et al., 2011).

Challenges and issues in adopting Digital Marketing

SMEs in Angeles City have rare challenges and issues in adopting digital marketing, and some SMEs have an occasional problem in adopting digital marketing. The challenges and issues in adopting marketing with the highest mean rating which was described as an occasional occurrence include lack of time, low internet connection, and/or online usage. On the other hand, the challenges and issues in adopting digital marketing with a lowest mean rating which was described as a rare occurrence are poor/weak online connection, lack of interest, and lack of knowledge and expertise. There was an occasional occurrence in adopting digital/social marketing. Low internet/online usage is one of the reasons why they do not fully engage in digital/social marketing. Lack of time and knowledge are also the reasons why there is a problem in using digital/social marketing, there are so many businesses struggling to use and apply digital/social marketing because of these reasons. The main factor cited in literature inhibiting digital marketing adoption by small and medium firms was the lack of Internet knowledge and expertise. Researchers acknowledged small and medium business decision-makers missed opportunities due to a lack of online marketing knowledge (Boyles, 2011; Hanafizadeh et al., 2012; Omar et al., 2011). Some small and medium business owners do not understand the benefits of online marketing nor how they can use digital marketing to improve a company's outcome (Hanafizadeh et al., 2012). Lack of knowledge may limit small business owners from implementing digital marketing strategies.

Relationship of Constructs

The degree of relationship between variables of digital marketing capabilities and the profile of the respondent is shown in Table 4. Spearman correlation was used to test the correlation between the digital marketing capabilities, digital marketing strategies, and challenges and issues in adopting digital marketing of SMEs in Angeles City, Pampanga. All the variables met within the significance level.

Table 4: Correlation Matrix

Construct	Spearman's rho	p	Decision
DMC -DMS	0.650***	< .001	Significantly strongly correlated
DMC - CDM	0.501***	< .001	Significantly strongly correlated
DMS - CDM	0.413***	< .001	Moderately strongly correlated

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

The degree of relationship between variables of digital marketing capabilities and digital marketing strategies is shown in Table 4. The variables met within the significance level. It shows that there is a strong correlation between digital marketing capabilities and digital marketing strategies (0.650). This implies that only 65% is explained by digital marketing strategies. Lastly, the table further shows that there is a significant relationship between digital marketing capabilities with digital marketing strategies, therefore, the null hypothesis was rejected. The degree of relationship between variables of digital marketing capabilities and challenges and issues in adopting digital marketing. Variables met within the significance level. It shows that there is a moderate correlation between digital marketing capabilities and challenges and issues in adopting digital marketing (0.501). This implies that only 50.10% is explained by challenges and issues in adopting digital marketing. Lastly, the table further

shows that there is a significant relationship between digital marketing capabilities with challenges and issues in adopting digital marketing, therefore, the null hypothesis was rejected. The degree of relationship between variables of digital marketing strategies and challenges and issues in adopting digital marketing. The variables met within the significance level. It shows that there is a moderate correlation between the digital marketing strategies and challenges and issues in adopting digital marketing (0.413). This implies that only 41.30% is explained by challenges with issues in adopting digital marketing. Lastly, the table further shows that there is a significant relationship between the digital marketing strategies and challenges with issues in adopting digital marketing, therefore, the null hypothesis was rejected.

CONCLUSIONS

This study explored the adoption of technology by 134 small and medium business owner-managers using a quantitative methodology. The SME owner-managers that participated in this study displayed a willingness to embrace technology and their current adoption of technology for marketing revealed interesting insights into how it could enable their businesses to be more competitive and to fully understand the benefits of digital marketing. However, this tendency towards technology was hindered and tempered by a lack of both technical and marketing competency, which, in today's digital environment, are increasingly interconnected. Based on the foregoing findings, the researcher made the following conclusion that can be used in planning and implementation of digital marketing: Engaging digital marketing strategy planning can have a positive effect on small and medium business owners' online marketing performance and marketing efficiency. A clear strategy or plan can help small business owners be more proactive and less reactive with online marketing. Since small and medium business owners lack time, no specific objective, and minimal or low internet marketing usage, investing time and resources into the strategy process, can be economical in the end. Identifying digital marketing capabilities can help small and medium business owners better manage their business by aligning the strategy, structure, systems, staff, style, skills, and goal of the firms.

To enhance their digital marketing performance, small and medium business owners need training that can help them (a) gain specialized digital marketing skills and tactics, (b) make better decisions related to digital marketing, and (c) stay up-to-date on the latest developments in the digital marketing space. From this research, this could conclude that majority have adopted digital marketing as they are using websites, social media Email, Blog, Facebook, Instagram, and other social media platforms. This study came to know that in today's digital era, having an online presence for a business is a critical requirement. If you are not online, you do not exist. However, a lot of enterprises and business owners today still feel that they do not need to know about digital marketing. Lack of awareness of technology is the strongest factor that influences digital marketing, and digital marketing provides more benefits than what respondents perceived about digital marketing; as digital marketing has the strongest benefit it also has the strongest barrier.

PRACTICAL IMPLICATIONS

This study was based on the influential theory Resource-Based View of the firm. This theory was examined the resources of a firm that have the potential to develop and sustain a

competitive edge and, in turn, superior performance among firms (Nkemkiafu et al., 2019). Digital marketing technology is therefore seen to impact business models, the type of marketing tools and media that all communication agencies must be able to deliver. This change in emphasis indicates that marketers should have customer expectations and how they can use the technology to achieve their marketing goals.

The key practical implication of this research, therefore, is the requirement for small and medium business owner-managers to improve their technical capability to realize the full benefits, particularly in terms of more responsive and user-centered, data-driven marketing personnel. This study demonstrates that SME owner-managers require new skillsets to overcome the barriers to adopting technology for marketing. Digital marketing campaigns can be adapted to almost any budget and the cost of media and publishing is virtually reduced to zero since it is all mostly done through your website and social media networks. One of the drivers is small and medium business owners' awareness and understanding of digital marketing benefits (Dlodlo & Dhurup, 2013; Hanafizadeh et al., 2012; Omar et al., 2011).

Furthermore, firms should be highly competent in terms of an adequate number of people, as well as new technology such as software upgrades, adequate financial funds, continuous development of marketing plans and programs, and adaptability to change. This primary capability is a prerequisite to the competitive advantage of the business, yielding to brand equity, business growth, and marketing dominance. Besides, large corporations take longer to adapt to new approaches as more people need to make the transition. This is beneficial as the best digital marketing practices are always changing. Therefore adapting quickly is key to staying on top of your strategy. As a smaller team, you will be able to keep up with the latest digital marketing trends at a far more impressive rate than any larger business. By implementing the latest practices you are sure to gain more business leads as well as come across as a modern, innovative small business that looks to the future. However, the ability for SMEs to turn this positive view of digital marketing into a clear digital marketing plan or structure is hindered by a lack of technical capability (McGowan & Durkin, 2002), particularly the inability to set and measure goals and online usage of owner-managers of SMEs (Sellitto et al., 2003).

RECOMMENDATION AND FUTURE RESEARCH DIRECTIONS

Based on the results of this study, small and medium business owners may consider the following recommendations, as well as digital marketing experts, government agencies, and future researchers:

1. Digital Marketing companies should organize more and more seminars and related programs to make people understand how digital marketing can be more cost-effective and can help them to develop the business more effectively and also provide a free demonstration of digital marketing courses to create awareness among them.
2. To help optimize digital marketing capabilities, small and medium business owners need to invest in developing a short-term and long-term plan. This should be done in collaboration with digital marketing experts or government agencies that can advise small and medium business experts on the best strategies, tactics, tools, channels, and a way to implement. Collaboration with appropriate government agencies like the Department of Trade and Industry (DTI) and the Department of Science and

Technology to assist them in the possible improvement of their enterprise and to identify potential market opportunities for them to explore and maximize their digitalization. These government agencies are willing to assist SMEs who are not yet fully digitalized and embrace business innovations through the use of technology.

3. Small and medium business owners need tailored digital marketing training. This training could help SMEs to fully understand social media participation. The different types of social media platforms to serve ads social networking: (Facebook, LinkedIn, Google+), Microblogging (Twitter, Tumblr), Photo sharing (Instagram, Snapchat, Pinterest), and Video sharing (YouTube, Facebook Live, Periscope, Vimeo). They can also have training in online technology bases such as web designing, web page development including HTML, Cascading Style Sheets (CSS), and Adobe Dreamweaver, multimedia and game development, and digital imaging with advanced features of Adobe Photoshop.
4. Small and medium business owners need to ensure that they have the right tracking mechanisms in place to measure digital marketing performance. These are the possible tracking mechanisms: Search engine referral, Page views this metric measures the number of pages each visitor to your site looks at. Individual visitors this is data that tracks when an individual user first visits your website during a specific period and how many times that same person came back to visit it again.
5. Studies should be undertaken to determine the validity of this present study. Related further studies may be undertaken to determine the extent, effect, and limitation of the Internet in the organizational performance of the business entity, particularly in the SMEs.

LIMITATIONS OF THE STUDY

There were certain limitations of this research study. Only small and medium firms were included in the study since micro enterprises (e.g., sari-sari stores and the like) may not adopt full digital implementation and have limited resources. The respondents of the study were limited to owners or critical decisions makers of SMEs in Pampanga. Lack of panel data limits the investigation of causality that is instrumental in substantiating the findings. The proposed conceptual framework offers a deeper understanding of digital transformation. Moreover, finally, future studies may go beyond the scope of our study to examine (1) food and meat processing, (2) agriculture, hunting and forestry, (3) hotel and restaurants, (4) mining and quarrying, (5) wholesale and retail trade, (6) transport, storage communication.

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