



Enhancing E-Commerce and Digital Marketing Strategies for Small and Medium Enterprises (SMEs) Growth in Nigeria.

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Abstract

This study examined the impact of e-commerce and digital marketing strategies on the growth of Small and Medium Enterprises (SMEs) in Nigeria, with a particular focus on the role of social media marketing through platforms such as Facebook, Instagram, and YouTube. The research targeted a population of 1,200 SMEs in Lagos, spanning four key economic sectors: manufacturing, food services, agriculture, and wholesale/retail trade. A multi-stage sampling technique was applied, yielding a sample size of 300, determined using the Taro Yamane formula. The study adopted a survey research design, utilizing a 20-item online questionnaire based on a 4-point Likert scale to collect data from respondents. To ensure the validity and reliability of the research instrument, component factor analysis and Cronbach's Alpha were employed. Data analysis was conducted using SPSS version 26, with multiple linear regression used for both descriptive and inferential statistical analysis. The t-statistic results $\{f(3/596), t = 842.705, P < 0.05\}$ and the model summary, which showed an R^2 value of 0.809, indicated that Facebook, Instagram, and YouTube collectively accounted for 80.9% of the variation in SME growth. Based on these findings, the study concluded that digital marketing strategies have a significant and positive impact on the growth of SMEs in Nigeria.

Keywords: E-commerce, Digital Marketing Strategies, Facebook, Instagram, YouTube

1.0 Introduction

The rise of the internet has transformed business operations, especially in the retail sector, with e-commerce becoming the leading model for delivering services online. The continuous progress in internet and mobile technology has reinforced e-commerce's significant impact on the global economy (Abumalloh et al., 2020; Guven, 2020; Raharja et al., 2019). Additionally, e-commerce platforms have adapted to increasing consumer expectations, offering diverse and efficient service solutions (Tran, 2021). In this digital era, digital marketing plays a crucial role in shaping consumer buying decisions within e-commerce. According to Purnama et al. (2023), it serves as a key factor in achieving business success in today's highly connected and competitive market. Companies must implement strong digital marketing approaches to stand out and ensure long-term growth (Rawat & Bhandari, 2023). Karjaluoto et al. (2015) describe digital marketing as a broad concept that includes various techniques such as search engine marketing, social media campaigns, email marketing, and mobile ads; all aimed at attracting, engaging, and retaining customers. Social

media, characterized by Weltge and McKenzie-Harris (2017) as online platforms that enable community interaction and content sharing, plays a vital role in these strategies. Major networks like Facebook, Instagram, YouTube, and TikTok are widely used in global marketing efforts (Global Digital Overview, 2021). However, many small and medium-sized enterprises (SMEs) in Nigeria have yet to fully leverage social media marketing for business expansion. This research aims to bridge this gap by analyzing how Facebook, Instagram, and WhatsApp ranked among the top four platforms for marketers worldwide can enhance retail business growth in Nigeria.

Objectives of the Study

1. To evaluate the connection between Facebook and the growth of selected SMEs in Lagos State, Nigeria.
2. To examine the impact of Instagram in transforming the growth of selected SMEs in Lagos State, Nigeria.
3. To analyze the relationship between YouTube and the growth of selected SMEs in Lagos State, Nigeria.

2.0 Literature Review

2.1 Business Growth

Business growth signifies the ongoing expansion of a company's operations, revenue, market presence, and profitability. It involves strategic development through methods such as entering new markets, diversifying products, or expanding geographically (Study, 2024). Growth allows businesses to reach broader audiences, improve employee skills, increase profits, and build stronger supplier networks (Send, 2024). Key performance indicators include sales growth, customer base expansion, and competitive market positioning.

2.2 E-Commerce

The rise of digital technology and globalization has established e-commerce as a key driver of economic change. It involves online goods, services, or information transactions, lowering operational costs and transforming traditional business models (Aisyah et al., 2023; Ausat & Suherlan, 2021). As a major force in digital transformation, e-commerce has revolutionized consumer habits, business interactions, and transaction efficiency (Almaududi Ausat et al., 2021; Ausat & Peirisal, 2021).

2.3 Digital Marketing Strategies

Digital marketing strategies involve structured approaches to using online platforms such as social media, mobile applications, and search engine to meet business goals (Algamarca et al., 2019; Andrade, 2017). According to Desai (2019), these strategies provide frameworks for brand promotion, customer engagement, and sales conversion. They enhance audience targeting, brand recognition, and revenue generation (Zutshi et al., 2023; Ningrum et al., 2023). Their effectiveness in influencing consumer behavior and maintaining market competitiveness highlights their importance in today's business landscape (Ramon, 2020).

2.4 Facebook

As the leading global social media platform, Facebook has 2.7 billion monthly active users (Statista, 2020) and serves as a powerful business tool. It supports content sharing (e.g., videos, articles), customer interaction, and brand promotion while offering affordable marketing solutions (Bhattacharyya & Bose, 2020; Mayur, 2021). Features like product listings and customer reviews facilitate smooth online transactions (Murwonugroho, 2020; Conlin, 2022).

2.5 Instagram

Introduced in 2010 and later acquired by Facebook, Instagram focuses on visual content sharing (Messner et al., 2016; Setili & Goldsmith, 2018). With 72% of users making purchases influenced by platform content (Miller, 2020), it serves as a vital e-commerce space, particularly for lifestyle brands (Rahman et al.; Siddiqui & Singh, 2016). Its engagement rates exceed those of Facebook and Twitter, especially among frequent online shoppers.

2.6 YouTube

Established in 2005, YouTube is the world's second-largest search engine, with 2.7 billion monthly users (World Population Review, 2024). Its long-format videos support brand storytelling, consumer research, and sustainable marketing (Hosseinmardi et al., 2021; Munaro et al., 2021). The platform's advertising tools further reinforce its role in brand growth (Bote-Vericad, 2025).

2.7 Theoretical Review

This study is based on Social Influence Theory, which suggests that individuals' attitudes and behaviors are shaped by social interactions and external factors. In social media marketing, this theory explains how peer recommendations, influencer promotions, and online communities affect consumer choices (Familoni & Onyebuchi, 2024). As digital platforms expand, consumers increasingly rely on social media for reviews and endorsements before purchasing, amplifying social influence. Given the rapid spread of information online, this theory provides a useful lens for analyzing consumer perceptions and brand interactions.

2.7 Empirical Review

Gbandi, Osasere, and Iyamu (2022) examined how social media marketing (SMM) drives business growth for small and medium-sized enterprises (SMEs) in Benin City, Nigeria. Their research aimed to assess the impact of SMM on SME development, employing a cross-sectional design and gathering data through a 5-point Likert scale questionnaire. The study focused on platforms such as Facebook, Instagram, Twitter, and YouTube, surveying 500 SMEs and using both descriptive and inferential statistical methods for analysis. The findings indicated that these social media channels have a substantial and favorable effect on SME expansion. As a result, the researchers suggested that SMEs adopt SMM tactics to improve their market competitiveness. They also recommended that business owners create compelling and informative content to attract customers while using feedback to foster innovation and growth. Similarly, Jamleh et al. (2022) emphasized YouTube's effectiveness in shaping a customer-focused brand identity and enabling direct

engagement, which enhances trust and brand recognition. Their research highlighted YouTube's utility in skill-building, audience interaction, product marketing, and customer communication, showing that businesses regardless of size can use the platform affordably to strengthen their brand and broaden their audience.

3.0 Methodology

This research examined the impact of e-commerce and digital marketing strategies on the expansion of Small and Medium Enterprises (SMEs) in Nigeria. The study centered on 1,200 SMEs based in Lagos, drawn from four major economic sectors: manufacturing, food services, agriculture, and wholesale/retail trade. These industries were chosen because they account for 91% of Nigeria's SMEs and significantly contribute to the country's economic progress. A multi-stage sampling method was employed, with 300 SMEs selected from each sector to ensure proportional representation. Respondents within each group were chosen through systematic random sampling. The sample size of 300 was determined using the Taro Yamane formula to ensure statistical accuracy. A survey-based research design was adopted, utilizing a structured online questionnaire comprising 20 items rated on a 4-point Likert scale. This tool was developed to gather data on SMEs' adoption and application of e-commerce and digital marketing techniques. To validate the research instrument, construct validity was assessed using component factor analysis, while Cronbach's Alpha was applied to evaluate internal consistency reliability. Data analysis was conducted using SPSS version 26, incorporating both descriptive and inferential statistics. Multiple linear regression analysis was performed to assess the relationship between digital marketing strategies and SME growth. This structured methodology ensures a thorough investigation into how digital marketing and e-commerce drive SME success, offering practical insights for entrepreneurs and policymakers.

The regression model is expressed as follows:

$$\text{SMEG} = f(\text{DMS})$$

$$\text{SMEG} = f(\text{FB, IG, YT})$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + e_t \quad \dots \dots \dots (1)$$

$$\text{SMEG} = \beta_0 + \beta_1 \text{FB} + \beta_2 \text{IG} + \beta_3 \text{YT} + \dots + e_t \quad \dots \dots \dots (2)$$

Where:

SMEG = Small and Medium Enterprises Growth

DMS = Digital Marketing Strategies

FB = Facebook

IG = Instagram

YT = YouTube

e_t = Error Term

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Co-efficient of the Variables

4.0 Results and Discussion

Table I
Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.838	.838	20

Source: Researcher's Computation 2025 using SPSS version 26

As presented in Table I, the instruments used in this study demonstrated strong reliability, with a Cronbach's alpha coefficient of $\alpha = .838$. This result supports their sustainability for the research purposes.

Table II
Correlation Matrix

Pearson Correlation		SMEG	FB	IG	YT
	SMEG	1.000	.854		
	FB	.854	1.000	.852	
	IG	.852	.852	1.000	.851
	YT	.857	.858	.851	1.000

Source: Researcher's Computation 2025 using SPSS version 26

Table II presents the correlation analysis among the studied variables. The results reveal strong positive correlations between SMEs Growth (SMEG) and the social media platforms: Facebook (FB) ($r = .854$), Instagram (IG) ($r = .852$), and YouTube (YT) ($r = .857$). These high correlation coefficients suggest a significant and robust relationship between SME growth and engagement with these digital platforms.

Table III
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
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1	.900 ^a	.809	.808	1.08343	1.856
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Source: Researcher's Computation 2025 using SPSS version 26

As shown in Table III, the R-Square value of 80.9% ($r^2 = 0.809$) suggests that the independent variables: Facebook (FB), Instagram (IG), and YouTube (YT) account for over 80% of the variance in the dependent variable, SMEs Growth (SMEG).

Table IV
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2967.527	3	989.176	842.705	.000 ^b
	Residual	699.591	596	1.174		
	Total	3667.118	599			

Source: Researcher's Computation 2025 using SPSS version 26

Table IV reveals a statistically significant joint influence of the independent variables: Facebook (FB), Instagram (IG), and YouTube (YT) on SMEs Growth (SMEG). The null hypothesis, suggesting no significant relationship, is rejected at the 5% significance level (F-statistic = 842.705, df = 3/596, $p < 0.05$).

Table V
Correlation Coefficients

Model		Unstandardized Coefficients		Standardized Coefficient Beta	T	Sig.
		B	Std. Error			
1	(Constant)	.816	.240		3.407	.001
	FB	.298	.038	.308	7.904	.000
	IG	.310	.038	.310	8.102	.000
	YT	.327	.039	.329	8.459	.000

Dependent Variable: SMEs Growth

Table V presents the regression coefficients (β) and t-statistics for Facebook ($\beta = 0.308$, $t = 7.904$, $p < .05$), Instagram ($\beta = 0.310$, $t = 8.102$, $p < .05$), and YouTube ($\beta = 0.329$, $t = 8.459$, $p < .05$).

.05). Since all p -values are statistically significant ($p < .05$), the following conclusions can be drawn:

1. **Facebook (FB):** The null hypothesis (no significant relationship between FB and SME growth) is rejected at the 5% significance level, supporting the alternative hypothesis with 95% confidence. A one-unit increase in FB engagement corresponds to a 0.308-unit increase in SME growth.
2. **Instagram (IG):** The null hypothesis (no significant IG-SME growth relationship) is rejected ($p < .05$), confirming the alternative hypothesis at a 95% confidence level. A one-unit increase in IG activity leads to a 0.310-unit rise in SME growth.
3. **YouTube (YT):** The null hypothesis (no significant YT-SME growth link) is rejected ($p < .05$), accepting the alternative hypothesis with 95% confidence. A one-unit increase in YT engagement is associated with a 0.329-unit increase in SME growth.

5.0 Conclusion

This study examined the effects of e-commerce and digital marketing strategies on the growth of Small and Medium Enterprises (SMEs) in Nigeria, grounded in the Social Influence Theory. The empirical results demonstrated a strong positive association between SME growth and the adoption of key social media platforms: Facebook, Instagram, and YouTube. Consequently, the study concluded that digital marketing strategies exert a significant positive influence on SME growth in the Nigerian context.

6.0 Recommendations

To maximize business growth, Nigerian SMEs should strategically leverage key social media platforms. Specifically:

1. **Facebook:** Enhance engagement and marketing efforts on Facebook to drive business expansion.
2. **Instagram:** Adopt Instagram as a core platform to optimize brand visibility and customer reach.
3. **YouTube:** Utilize YouTube for content marketing to foster enterprise development and audience engagement.

By integrating these digital marketing strategies, SMEs can significantly improve their growth trajectory.

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