

## THE IMPACT OF DIGITAL MARKETING ON THE DEVELOPMENT OF SMEs IN KOSOVO

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**Abstract:** The purpose of the paper is to analyze the digital marketing techniques that small and medium enterprises in Kosovo use today for the development and promotion of their businesses. New developments in global marketing inspire new ways in which companies connect with their customers, focusing on digital marketing. The very rapid development of technology in the digital age has an impact on various lines of life, including changes in consumer purchasing behavior. Therefore, the need to learn about the research trends and topics in digital marketing in SMEs is important.

Every day, more and more marketing activities are being carried out using digital media, from product promotions and offers to sales. Digital marketing enables business people to monitor and satisfy all the needs and wants of consumers.

The research methodology used in this paper consists of using primary and secondary data, but the main part is mainly primary data. The collection of primary data, in order to carry out the empirical part of the study, was achieved through a survey conducted with 200 small and medium-sized businesses in the territory of Kosovo. The paper consists of the theoretical part, empirical studies and statistical analyses.

From the research we can see that it is a necessity to create and apply digital techniques for more efficient communication with customers, and therefore better business results. Every company must design a strategy that will combine traditional and modern communication media

**Keywords:** digital marketing, digital techniques, communication, business success.

### 1. INTRODUCTION

We know that the role of small and medium-sized enterprises (SMEs) is becoming more and more important because they serve as the backbone of any economy with their important contribution providing employment worldwide. Even in Kosovo, the number of SMEs is high and in the past period, institutional efforts have been made to support these enterprises by developing a wide range of measures and activities to help their development, with the aim of increasing employment and economic development in country (Ukaj F. 2016).

Given that small and medium-sized enterprises are considered the engine of leadership and economic development of a country, this stems from the belief that innovations, especially information technology, depend fundamentally on the potential of these enterprises. SMEs in Kosovo face many challenges in their operation, sustainable growth and further business expansion, mainly due to their limited funds. In this part, marketing plays a vital role in generating funds for SMEs. The increasing presence of the Internet in people's daily lives gives us the right to think about the increasing use of digital marketing. Companies should use the internet and social networks to promote and sell their products, as digital marketing is extremely important for running a business. With the help of the modern Internet, marketing companies carefully select their customers and build long-term relationships with already selected customers. This work focuses on researching how much Kosovar companies are aware of the impact of digital marketing on business and changes in communication methods.

### 2. LITERATURE REVIEW

Since the success of SMEs is essential for the overall development of countries, then it is necessary to find effective treatments for their significant growth. The very rapid development of technology in the digital age has an impact on various lines of life, including changes in consumer purchasing behavior. Therefore, the need to learn about trends and research topics in digital marketing in SMEs is important. During the last two decades, communication technology in Kosovo as an industry had a tremendous growth, making the mobile phone and the Internet the main means of communication (Mullatahiri V. & Ukaj F, 2019). The use of information and communication technology is considered an effective tool for improving the financial health of SMEs (Chung, 2017). Every day more and more marketing activities are being carried out using digital media, from product promotions and offers to their sales. Digital marketing enables business people to monitor and satisfy all the needs and wants of consumers. Also digital marketing is also beneficial to consumers because simply by browsing the virtual world they are able to get information about different products. Shoppers are now increasingly independent in making purchase decisions based on search results they do anywhere, anytime.

The main purpose of digital marketing is to communicate about products and services to customers and facilitate interaction between suppliers and customers through digital media (Yasmin, 2015).

According to (Chatterjee, 2003) online advertising mainly increases the clicks of new visitors. Also (Manchanda, 2006) found that online advertising has a significant impact on increasing repeat purchases of existing customers.

### 3. RESEARCH METHODOLOGY

Research methodology simply refers to any particular part of the research. More specifically, it concerns how a study is systematically designed to ensure valid and reliable results that address the goals and objectives of the research. To research the topic in question I used the deductive approach, which develops a conceptual framework from the literature which is then tested using the data. The research methodology used in this paper consists of the use of primary and secondary data, but the main part is mainly primary data. The collection of primary data, to carry out the empirical part of the study, was achieved through a survey conducted with 200 small and medium businesses in the territory of Kosovo. The paper consists of the theoretical part, empirical studies and statistical analyses. The main and largest part of the businesses included in the study belong to the sector of small and medium businesses, as the majority of businesses in Kosovo. The survey was carried out through questionnaires and included about 70% of the cities of Kosovo, as an opportunity for wider scope. The objective of this survey was to obtain information on the impact of digital media on business activity in Kosovo and the benefits that online marketing brings to the development and promotion of these businesses. For the collection of primary data of this study, a structured questionnaire will be used, directed mainly to the owners or managers of the enterprises included in the study. The analysis of the data collection was done with the SPSS statistical program and the Microsoft Excel 2013 program, presenting the results in various graphs and tables based on the answers given by the respondents in this study as well as the hypothesis testing.

The hypotheses that will be presented in this study are:

H0. Modernizing marketing techniques does not increase the firm's profits.

H1. Modernization of marketing techniques increases firm's profits.

### 4. EMPIRICAL ANALYSIS OF THE STUDY

The businesses surveyed in our study belong to different business activities and also differ in terms of business size. Based on our data collected through the survey, trade represents the majority of businesses surveyed. Trade includes 40% of these businesses, the service sector includes 30%, while the manufacturing sector also represents 30% of the businesses surveyed.

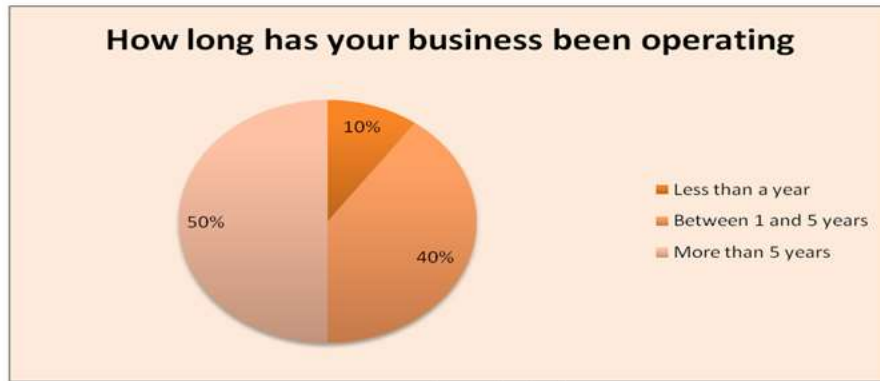
*Figure 1. Structure of businesses by activity*



Source: Author calculations

If we address the question regarding the duration or years of creation for the businesses, it can be seen that the majority of these businesses of 50% belong to those with more than 5 years of creation. Then a large part of 40% are new businesses, between 1 to 5 years and the rest, about 10% are very little time in the market, so less than 1 year. These businesses have resisted the often unfavorable business conditions and managed to grow and now have a dominant and very important position in the market.

*Figure 2. Distribution of the surveyed businesses according to the years of establishment*



Source: Author calculations

Based on the question: Does your company sell its products only at the national level or does it also include the international level, we see that the majority of surveyed businesses sell their products at a national level of 70%, while a part of them from 10 % sell the products at the international level as well, while at both levels we have a small percentage of 20%.

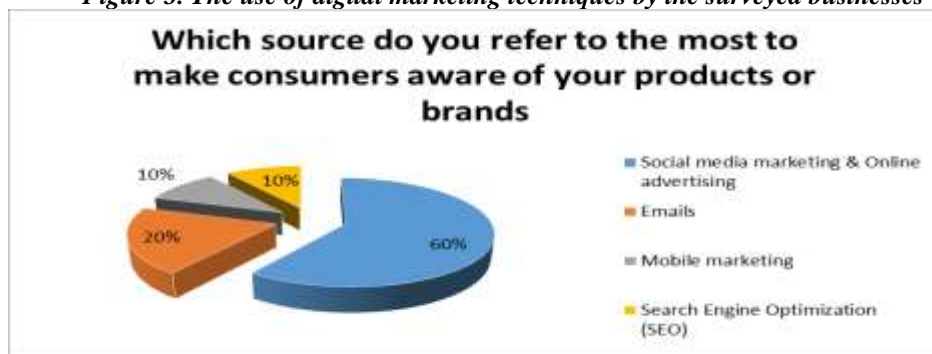
*Table 1. Sales of products at the national and international level*

Your company sells products					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	At the national level	140	70.0	70.0	70.0
	At the international level	20	10.0	10.0	80.0
	Both of them	40	20.0	20.0	100.0
	Total	200	100.0	100.0	

Source: Author calculations

Online presence is everything in this digital age. This opens up many opportunities for those who want to market their business. This is why digital marketing is really important for businesses to increase their sales or make their business known to gain more customers. 60% of surveyed businesses stated that the marketing techniques they use the most are social media and advertising on various blogs. Then we have 20% of businesses that technically use email marketing, 10% of them use mobile marketing and also search engine optimization 10% of them.

*Figure 3. The use of digital marketing techniques by the surveyed businesses*



Source: Author calculations

Even identifying the factors that have the greatest impact on the adoption of digital marketing by small and medium-sized businesses is very important. Even identifying the factors that have the greatest impact on the adoption of digital marketing by small and medium-sized businesses is very important. The increase in the level of competition in the market can influence many firms to be oriented towards the acceptance of technology in order to continue to have profitability and to serve the respective customers. Then we have product type at 30%, organizational culture at 10%, organization size at 10% and entrepreneur skills at 10%. The skills of the entrepreneur are related to the functional roles he can play in the business. In this way, the decisions made by him have an impact on different areas of business.

**Table 2. Factors influencing the adoption of digital marketing by surveyed businesses**  
Which of the following factors do you think has the greatest impact on the adoption of digital marketing

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Organizational culture	20	10.0	10.0	10.0
Product type	60	30.0	30.0	40.0
Size of the organization	20	10.0	10.0	50.0
Competition	80	40.0	40.0	90.0
Skills of the entrepreneur (owner)	20	10.0	10.0	100.0
Total	200	100.0	100.0	

Source: Author calculations

Of the surveyed businesses, 70% of them use social media to make consumers aware of their products or market, then we see that 10% of them use TV ads, print ads and in-store promotion.

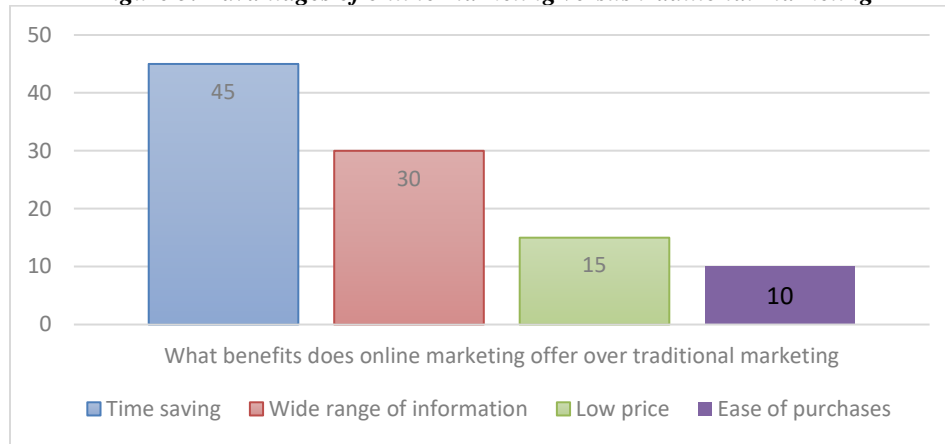
**Figure 4. The use of advertising for consumer awareness of the products and brands of the surveyed businesses**



Source: Author calculations

Finally we have the benefits that online marketing offers compared to traditional marketing. 45% of the surveyed businesses have declared as a benefit the saving of time, 30% of them the wide range of information, while a small part of them of 15% have described the low prices as a benefit and 10% of the businesses have answered that ease of shopping is a benefit of online marketing.

**Figure 5. Advantages of online marketing versus traditional marketing**



Source: Author calculations

#### 4.1. HYPOTHESIS TESTING

In the table below, we applied the Chi-Square statistical test to prove the validity of the hypothesis stated at the beginning of this paper.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.889 <sup>a</sup>	2	.000
Likelihood Ratio	74.581	2	.000
Linear-by-Linear Association	55.675	1	.000
N of Valid Cases	200		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 4.00.

Source: Author calculations

According to the table generated by SPSS for hypothesis testing with a significance level of 0.05, regarding the fact that the modernization of marketing techniques increases the profits of the firm. As shown in the Chi-Square Tests table above, the value calculated by SPSS is  $X^2=88.89$ , while the table value  $X^2$  is found from the table as 5.99 with degrees of freedom ( $v=2$ ) and significance level ( $\alpha =0.05$ ). Since  $88.89 > 5.99$  then hypothesis H1 is accepted. We get the same result from the significance value in the Chi-Square Tests table. For the reason that the value of Asymptotic Significance (2-sided)  $p= 0.000 < 0.05$  where the hypothesis H1 is accepted.

So from here we can say that the modernization of marketing techniques increases the company's profits. This result, as we mentioned above, is a positive result because the use of modern marketing techniques help businesses to increase profits.

#### 5. CONCLUSION

From the research we can see that it is a necessity to create and apply digital techniques for increasing the company's profits and more efficient communication with customers. Businesses are increasingly using digital channels for advertising and selling their products and services. Digital marketing channels have become an essential part of the strategy of many companies because the company can use any device such as smartphones, tablets, laptops, televisions and media such as social media, SEO (search engine optimization), video, content, e-mail and much more to promote the company itself as well as to make consumers aware of its products and service. Most of the companies surveyed in this research use social media, which is why digital marketing is really important for businesses to increase sales or make their business known to gain more customers.

The benefits that online marketing offers compared to traditional marketing according to surveyed businesses are defined as time savings and a wide range of information. This means that online marketing is much more effective,

while the costs are minimal Marketing is something every business needs and uses to advertise their products or services and attract current or potential customers. Defining well the marketing methods for your specific target audience are important because they may differ for the people you are trying to attract.

As a conclusion from the statistical analysis and the validation of the hypothesis, we can say that the modernization of marketing techniques increases the company's profits.

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