



Thesis Prepared for the Degree of Master in Business Administration

The Impact of Digital Marketing on SMEs' Growth in Azerbaijan

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List of Abbreviations

OECD - Organization for Economic Cooperation and Development

PPC - Pay Per Click

SEM-Search Engine Marketing

SEO - Search Engine Optimization

SMB Agency - small and medium businesses Agency

SME - Small and Medium Enterprise

SSC- State Statistical Committee

VIF- Variance Inflation Factor

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Abstract

The main objective of the study is to examine the impact of digital marketing adoption on SMEs' growth in Azerbaijan. The research is conducted on the quantitative research method based on primary and secondary data sources to investigate this relationship. In this study, a questionnaire is used to collect quantitative data from the participants, whereas secondary data obtained from peer-reviewed articles, journals, statistics, reports and datasets. Quantitative data was analyzed using both the descriptive and inferential statistics. The descriptive statistics included frequency distributions, mean and standard deviation while the inferential statistics were multiple regression analysis, Pearson correlation coefficient and linearity test. The study population included 109 SMEs in Azerbaijan, with a focus on Baku, which constitute the sample size of this research by using random sampling method. The study findings indicate that social media marketing, mobile marketing, affiliate marketing, email marketing, search engine optimization (SEO) and Pay Per Click (PPC) all had a significant effect on SMEs' growth in terms sales and brand awareness. The study results also showed a strong positive correlation between digital marketing and SMEs' growth. The findings led to conclusion that the adoption of digital marketing techniques has a significant and positive effect on SMEs' growth in terms of increasing sales and brand awareness. The study findings revealed that the lack of financial resources was the greatest challenge for SMEs in the adoption of digital marketing, followed by the lack of digital marketing knowledge and the lack of time for planning and implementation. The study recommended that SMEs should be trained and educated with the use of digital marketing techniques. The study also recommended that proper e-business policies should be implemented by the policy makers that help SMEs to adopt digital marketing. Lastly, the study recommended that SMEs should be provided with programs and financial support from government and public institutions in order to finance their digital marketing.

Keywords: Digital Marketing, SMEs, Digital marketing adoption, SMEs' growth

CHAPTER 1

1.1 Background of the study

Each year, the hundreds of small and medium sized enterprises (SMEs) with their creative ideas strive to establish themselves in business world. Their main goal is to create awareness of their products and services, and increase its sales; however, the majority of SMEs struggle to achieve their aim (Hill, 2011; Reijonen, 2010). According to Ripsas et al. (2018), only 51 of enterprises survive five years or longer. One of the primary reasons behind their failure is a lack of proper marketing strategy implementation (Montgomery, 2018). The data provided by CB Insights (2019) also reveals that 17% of failed SMEs might be related to poor marketing. Since SMEs are in the growth stage of life cycle, they have limited resources such as budget, knowledge and personnel; therefore, they struggle with difficulties in determining what marketing strategy to use, which in turn restrain their potential for SMEs' growth in the market (Forsman, 2008). According to Gilmore (2007), small and medium sized businesses do not adequately understand the importance and use of digital tools and techniques. Competing with established and profitable businesses and ensuring survival in the market requires for SMEs to improve their performance on increasing brand awareness and sales of the goods and services they provide. Therefore, the adoption of digital marketing strategies is critical for the success of SMEs in today's digital era to promote their services and goods to customers. Enterprises will create their brand image by establishing effective interaction with target audience through digital networks. Moreover, SMEs can achieve sales growth through marketing their products and services with digital marketing tools. Quaye and Mensah (2019) discovers that SMEs may sustain the competitive advantage by utilizing specific marketing resources and techniques at the same time.

Before today's digital world, SMEs utilized traditional marketing tools, such as newspapers, magazines, television and radio in order to reach customers by promoting their goods and services. Hence, the adoption of traditional marketing methods required more cost and time for the businesses in order to achieve their objectives. As Kaur stated (2017), the utilization of traditional marketing tools became insufficient for SMEs in order sustain competitive in an extremely competitive business environment. The internet revolution has altered the way of marketing products and services by the small businesses in today's digitalization era. Technological innovations, new ways of marketing channels, and periodic changes in the digital world have all contributed to the change (Bhattacharya & Bolton, 2000). Because of the rapid advancement of technology, the internet has now become one of the most quickly expanding developments in information technology. Since the last decade, there has been a tremendous increase in the use of digital media by the general public. Statistics from Digital 2022 report indicates that worldwide digital population reached to 4.95 billion which contains 62.5 % of global population. Increase in internet users in turn led to the decline of the use of traditional marketing tools and increase in the use of digital media as a business opportunity by enterprises. In recent years, digital media has become a significant platform for entrepreneurs for interacting with potential customers and promoting products and services to

them. According to Chaffey and Smith (2013), the internet is utilized to assist all marketing initiatives while strengthening and promoting the brand through digital media.

Due to the rising competition and changing customer demand, the new revolution in the field of marketing happened and new phenomenon so-called digital marketing emerged. As digital marketing has grown in popularity, its core concept evolved away from product exchange towards the provision of services, building relationships and interactions with customers (Vargo & Lusch, 2004). Digital marketing is a process of promoting products and services by using channels, methods and strategies in order to engage consumers, and to establish customer preferences in order to easily interact with customers, promote the brand, improve the business performance and increase sales, market share and profitability (Kannan & Li, 2017). Digital marketing became a vital strategy for the organizations, especially small and medium sized businesses due to its wider opportunities. The major advantages of digital marketing for the small and medium sized businesses include creating brand image and awareness, establishing brand loyalty, building customer engagement, targeting the right audience and increasing sales. Digital marketing can also help businesses or organizations to achieve their goal, mission and vision. Digital marketing is a more cost-effective marketing technique than traditional marketing strategies since it requires less capital. Small businesses can remain competitive with the right digital marketing strategies by using less capital in order to achieve greater conversion rates which can lead to higher sales. Furthermore, marketing activities are relatively costly and differ between large and small businesses. Large companies successfully utilize available digital marketing channels and strategies due to the possession of enough resources and capacity (Barnes et al., 2012). On the other hand, majority of small businesses use adequate digital marketing tools and techniques due to their limited budget (Haereid & Indregard, 2015). According to Taiminen & Karjaluoto (2015), while adoption of traditional marketing methods is costly for small and medium sized enterprises, digital marketing has provided several platforms and channels to build customer awareness about their goods and services with the low cost. Thus, SMEs can promote their goods and services to customers through the adoption of various digital marketing strategies and tools with a low cost. Moreover, some of SMEs have a lack of knowledge about which strategy to implement in order to reach the right audience, create brand awareness and increase sales. In this case, gaining a deeper understanding of marketing practices and strategies can help SMEs to improve their performance and financial success. With the implementation of the right marketing strategies, SMEs can achieve the goals they want. According to Gilmore & Carson (2018), effective digital marketing techniques can lower the probability of small businesses' failure by directing their limited resources toward approaches that attract clients and allow them to continue on their business activities. The adoption of digital marketing strategies is dependent on certain factors such as availability of resources, size, life-cycle stage and goals of the company (Bordanaba-Juste et al., 2012). In order for small and medium businesses to be competitive, they should focus on using the most appropriate digital marketing techniques. Thus, digital marketing can be the most profitable way for these companies to achieve their goals.

1.2 Problem Statement

In recent years, the number of SMEs in Azerbaijan has increased considerably. The statistics from the State Statistical Committee (2021) shows that the total number of SMEs in Azerbaijan is 316.370. According to the data provided by State Statistical Committee (2021), the share of SMEs in total value added by economy comprises 16.7%, in employment 42.1% and in total number of active enterprises 99.7%. Despite the fact that SMEs have important contributions to the economic growth of the country, they have difficulties to face strong competition with larger enterprises and survive their business position in the local market due to rising technologies and innovation. Furthermore, since the competition among SMEs has risen, achieving the long term success and competitive advantage in the market has become a huge challenge in Azerbaijan. Achieving long-term competitiveness for SMEs in today's digital era requires digitalization of their business activities by adopting digital marketing tools and techniques. The sustainability of SMEs will be attained with their profitability and increasing sales, which requires to provide awareness about products and services by building their presence on digital platform. Today the number of enterprises who have an internet access has risen in Azerbaijan due to increased internet penetration. According to the report (Digital 2021), internet users in Azerbaijan have reached out 8.26 million while social media users became 4.30 million. Nevertheless, small and medium-sized enterprises (SMEs) in Azerbaijan face greater challenges in adopting digital marketing. SMEs in Azerbaijan frequently confront a lack of resources in terms of skills and finance, which hampers their ability to outsource the essential module for marketing, which entails digitization of the business activities to engage. SMEs don't fully utilize new digital tools of marketing and realize their benefits and opportunities. Even though digital marketing is a low-cost method for SMEs to raising awareness and increasing purchasing intentions, they find difficult to use it as a marketing tool. The majority of SMEs have a website, but they have a lack of knowledge to understand how to use it effectively as a digital marketing tool. They are unaware about other techniques of digital marketing and their importance for their growth in the competitive business environment. Understanding and implementing digital marketing as a new challenging field can be difficult for SMEs that have a lack of financial resources and knowledge. Other issues in adopting digital marketing by SMEs stem from the size and affordability of information technology, technology application capabilities within fast growing and changing organizations. SMEs in Azerbaijan have moderate usage of digital marketing strategies on improving their business performance because of misunderstanding the importance of digital marketing. The main problem for adoption of digital marketing for SMEs in Azerbaijan is their lack of competency and low level of awareness about the significance of digital marketing. Hence, it is important for SMEs to understand the role and impact of digital marketing on their business in relation to increasing sales and brand awareness.

1.3 Significance of the Study

This study is significant not only for small and medium sized enterprises in Azerbaijan but also several stakeholders such as marketers, policy makers. It enables SMEs to improve their performance on increasing sales and brand awareness by adopting digital marketing tools

and strategies, which in turn leads to SMEs' improvement and competitiveness in the market. The study will also help large organizations to learn how to integrate digital marketing to their businesses. The study will enable market researchers who want to learn developments and trends in the marketing to provide advice to their clients to implement effective marketing strategies and tools. It will also help policy makers to learn developing business opportunities for SMEs.

The purpose of this research is providing SMEs with valuable information about digital marketing they struggle to understand and determining the impact of digital marketing on their development in Azerbaijan. More specifically, the impact of digital marketing tools and strategies on increasing sales and brand awareness of SMEs in Azerbaijan will be evaluated and digital marketing challenges that SMEs in Azerbaijan face will be identified. Furthermore, since this concept has not been previously researched in Azerbaijan, I want to examine this subject and provide an eye-opener for SMEs to know the value of digital marketing on their improvement. The study will find the answer of the following major and minor research questions:

Major research questions:

1. What is the impact of digital marketing adoption on the growth of SMEs in Azerbaijan in terms of brand awareness and sales growth?
2. What factors hinder the adoption of digital marketing tools by SMEs in Azerbaijan?

Minor research questions:

1. To what extent SMEs in Azerbaijan used digital marketing tools in order to increase their performance in terms of sales and brand awareness?
2. To what extent digital marketing challenges for SMEs in Azerbaijan limited their adoption of digital marketing tools?

1.4 Research Objectives

The objective of the study is to investigate the influence of digital marketing on the growth of SMEs in Azerbaijan. The specific objectives are:

1. To determine the impact of digital marketing adoption on SMEs' performance in Azerbaijan in terms of increasing sales and brand awareness.
2. To identify the challenges faced by SMEs in digital marketing adoption in Azerbaijan.
3. To take measures to prevent challenges that SMEs confront while adopting digital marketing in Azerbaijan.

CHAPTER 2

LITERATURE REVIEW

This chapter reviews both theoretical and empirical review and conceptual framework about study variables to answer research questions in this research. The chapter examines the study's particular literature, with an emphasis on examining the relationship between independent and dependent variables. This section includes literature review on digital marketing, its techniques and their relationship with SMEs' growth, and other variables such as brand awareness and sales. The chapter also includes an overview of recent studies about the impact of digital marketing on the SMEs' growth.

2.1 Theoretical Review

2.1.1 Digital Marketing

The advancement of technological gadgets and the internet has resulted in the rise of digital marketing concept, which is more quantifiable, consumer-centered, accessible, and in which businesses and customers are constantly interacting (Gedik, 2020). Digital marketing replaced traditional marketing and differed from it in terms of its measurability, interactivity and low cost in introducing products and services to customers. Digital marketing is a type of marketing that uses digital media to promote products or services and attract existing or potential customers (Key, 2017). Digital marketing is a broad term that encompasses all operations that take place in digital environment. Chaffey (2013) described that digital marketing is the use of technology to enable marketing operations in the collection and development of data that will fulfill the demands of customers. Mobile marketing, email marketing, search engine marketing, social media marketing, online advertising, and other forms of digital media are all part of digital marketing (Suryawardani & Wiranatha, 2017).

2.1.2 The importance of SMEs

Small and medium-sized enterprises (SMEs) are widely considered as a crucial component of national economies and the foundations of the global economy. Duarte (2004) states that SMEs are unquestionably important for an economy's general sustainability and health. According to Johnson and Soenen (2003), SMEs are regarded as healthy competitors in the nation's economy with achieving increased efficiency, higher quality and lower prices of the products or services. Small and medium-sized enterprises (SMEs) are increasingly regarded as real engines of economic growth, accounting for more than 60% of global GDP (Lameck, 2014; Kazungu, et al., 2014). SMEs are a significant source of employment and innovation (Storey et al., 1987; Castrogiovanni, 1996; Clark III & Moutray, 2004) and serve as the foundation for future huge firms and corporations (Castrogiovanni, 1996; Monk, 2000). According to Kazungu and Panga (2015), SMEs greatly contribute to poverty reduction and economic growth, as well as providing a training platform for the advancement of entrepreneurial skills. According to the Organization for Economic Cooperation and

Development (OECD, 2000), small and medium-sized enterprises account for over 95% of all enterprises and more than 60-70% of all jobs worldwide. According to the World Bank, they play an essential role in most economies, particularly in developing and emerging nations, since they provide up to 40% of gross domestic product (GDP) in these countries.

According to OECD (2005), SMEs are "non-subsidary and autonomous enterprises with a specific number of employees". There is no definition accepted globally for SMEs, and the definition varies across countries based on various factors, mainly the number of employees and turnover. With specific reference to Azerbaijan, AR cabinet of Minister (2016) defines the Small and Medium sized Enterprises defines small enterprises as those firms, trade, service, industry or business activities with an annual turnover of between 200.000 AZN and 1.250.000 AZN, and employing between 25 and 125 people. The performance of small and medium-sized enterprises (SMEs) is a measure of the effectiveness of their sales, marketing, financial, and management operations and initiatives (Lin & Lin, 2016). It is the extent to which SMEs can achieve their short, medium, and long-term business objectives. Since the majority of developing nations' economy is dominated by SMEs, their success has a significant impact on the country's economic progress. The effective and efficient operation of SMEs serves the larger national economy by providing jobs, meeting domestic demands, and boosting living standards. When SMEs achieve their profitability with increasing sales and creating brand equity and awareness, they can attain economic sustainability. The digitalization of era made digital marketing as an alternative for SMEs to provide awareness about their goods and services and to reach the right target audience. Therefore, SMEs should understand the usage of digital marketing strategies and how to measure the effect of digital marketing on their performance.

2.1.3 Digital Marketing and SMEs' growth

In order to investigate the impact of digital marketing tools and techniques on SMEs in determining business growth, several studies have been conducted. Digital marketing is an essential function in an organization, especially SMEs, since it allows the companies to focus on its customers, what they want and need, and inform them about their products and services. Digital marketing plays a major role on reaching new customers and interacting with existing and new clients, increasing awareness, which in turn results in the growth. According to Kithinji (2014), the benefits of employing digital marketing for the companies include boosted brand recognition, increased sales, and improved customer relationships. This might be accomplished by small and medium sized businesses via digital tools and techniques such as online advertising, viral marketing social media, email and so on. According to Rahman et al. (2016), digital marketing has a strongly positive impact on the long-term viability and success of SMEs (Rahman et al., 2016). The research investigates the effect of digital marketing techniques such as email marketing, online advertising, affiliate marketing, social media marketing, and SEO on business performance (Nuseira & Aljumahb, 2020). Digital marketing provides online two-way business optimization which is considered as a major component in maximizing customer loyalty and repurchase intention (Sultan, Asif & Asim, 2019). The success or failure of a business is determined by whether its marketing efforts reflect the

customers' needs and the advantages that they stand to gain from using their products or services. Hence, it is critical that SMEs utilize marketing strategies that are updated and adaptive to the ever-changing needs of their clients (Brenes et al., 2007). Businesses may also target certain clients with specific marketing techniques based on their age, social status, interests, and financial capabilities using digital marketing methods (Ng'ang'a, 2015). Companies that use digital marketing strategies can also save money on marketing because digital marketing is significantly less expensive than traditional marketing channels such as billboards, TV advertisements, and so on. Therefore, digital marketing is especially important for SMEs, because majority of them are have a lack of financial budget and cannot afford traditional marketing (Lee & Kim, 2009).

2.1.4 Digital Marketing and Sales

The purchasing and consumption patterns of people have evolved with the evolution of human needs. According to Pencarelli (2012), enterprises must adapt to changing conditions and satisfy continuous consumer needs, because consumption psychology is evolving in response to consumer demands. Enterprises that are unable to adapt to the adjustments that must be made in response to increased customer needs and demands are expected to lose their competitive advantages (Ungerma, Dedkova & Gurinova, 2018). As a result of technological developments and the changes in purchasing behaviours, e-commerce emerged as a form of digital marketing. This new trend is rapidly adopted by the majority of enterprises and has a huge impact on their increased sales. In order to gain competitive advantage, enterprises should achieve to sustainably increase digital sales through the use of digital marketing tools. According to Rotich and Mukhongo (2015), an enterprise should employ digital marketing in order to enhance sales whether it is entirely online, or offline, in response to today's digital world.

Several research and publications have been conducted to investigate the linkage between digital marketing and sales growth. Digital marketing attracts new customers and personalize customer communication, which in turn leads to enhancing brand awareness and sales (Jain, 2014; Jagongo & Kinyua, 2013). Small companies can utilize digital media such as social media and emails to reach out to potential consumers and market their products and services with their limited financial budget, whereas medium-sized firms have the financial capacity to employ digital tools such as pay per click (PPC) and search engine optimization (SEO).

2.1.5 Digital Marketing and Brand Awareness

Brand awareness is a major element that every company wants to achieve in order to improve its performance. The company's performance not only increase with the sales of goods and services it provides, but also consumers' recognition and awareness about their brand and products. In today's digital era, digital marketing helps companies to achieve brand awareness of their products to customers. Digital marketing enables companies to engage with their consumers quickly and get deep understanding of their wants, needs and complaints, resulting

in improved communication between customers and enterprises, as a result, enhanced brand loyalty and customer satisfaction (Tuten, 2014). According to Sharifi (2014), brand awareness has a significant and indirect impact on the customers' purchase intentions, which in turn influences the company performance. Consumers may quickly connect with new goods, services, and brands through social media platforms (Aral et al., 2013; Aswani et al., 2018; Sawhney & Prandelli, 2000). SMEs may use social media to gather feedback from customers in order to develop their brands (Massey et al., 2004). According to Dumitriu et al. (2019), SMEs utilize social media to improve brand awareness. The level of visibility of the company brands is defined by not only the size of their media mix, but also their ability to be innovative in the use of communication, style, and technology (Capitello et al., 2014). The use of online advertising such as SEO, PPC and promotions have a direct influence on brand awareness. The use of high-quality in-text and image copywriting may boost brand trust and recognition (Setiaboedia et al., 2018).

2.1.6 Digital Marketing Techniques

The use of digital media in the course of carrying out marketing operations is referred to as digital marketing. Digital media brought up great possibilities for marketers. The adoption of different digital marketing techniques may help small businesses in expanding their customer pool, creating an online brand, increasing brand recognition, and interacting with customers more directly. Digital marketing channels have increased in popularity because they are inexpensive and simple to use, particularly for small enterprises with limited resources and manpower. The most essential digital marketing techniques will be specified and studied in this section of the thesis. In this study, digital marketing techniques encompasses email and mobile marketing, social media marketing(SMM), search engine optimization(SEO) and pay per click(PPC), online advertising and affiliate marketing.

2.1.7 Email Marketing

According to Halinen (2000), email marketing is a technique of directly marketing a commercial message to a group of individuals via email. According to Christopher and Mclark (1999), e-marketing is one of the most effective marketing methods used by businesses to educate clients about their company, which in turn helps clients to comprehend the products and services provided by a company. Email marketing is intended to increase brand recognition and loyalty (Conway & Swift, 2000). Building trust and confidence in products and services leads to continuous sales, which in turn help organizations in achieving customer retention success. E-mail marketing is largely used to strengthen long-term relationships between customers and businesses. To begin this process, clients must sign up for an e-mail newsletter so that they may be informed about their product or service on a regular basis in order to encourage repeat business. E-mail marketing is cost-effective due to low-cost per contact than traditional marketing and has a substantially greater return-on-investment. When compared to other marketing methods, e-mail marketing offers several advantages such as low price, ability to segment clients, measurability, and ability to control.

2.1.8 Mobile Marketing

Mobile marketing is one of the digital marketing methods that enables businesses to engage directly with customers via smartphones or other mobile devices. The basic concept of mobile marketing is to increase a company's marketing performance and maximize revenues with increasing sales. Mobile marketing allows businesses to communicate with clients via Short Message Service (SMS), mobile applications, mobile websites, and mobile social management (Watson et al., 2013). SMEs should foster a culture in which mobile marketing plays an important role in overall marketing strategy in order to increase a company's performance (Shankar et al., 2010). According to the Mobile Marketing Association (2015), mobile marketing is a crucial approach in which organizations apply their advertisements by using mobile platforms to reach to target customers. When compared to traditional marketing, employing mobile marketing is more effective for reaching target audience faster (Artuger et al., 2012; Hopkins & Turner, 2012). According to study by Arslan and Arslan (2012), mobile marketing is a more cost-effective and customized strategy than other types of marketing.

2.1.9 Social Media Marketing

Social media marketing is defined as the practice of developing customized content for each social media platform in order to promote user engagement and sharing. Social media marketing is regarded as the use of online social media technologies to promote goods, services, information, and ideas to people (Dahnil et al., 2014). These technologies enable organizations to generate information and encourage social media users to collaborate (Dahnil et al., 2014). Aside from the growing number of social media users, marketers also utilize social media as a marketing tool. Social media marketing allows businesses to engage directly with their customers, which in turn enhances customer loyalty, boosts sales, and building brand awareness. It is estimated that there are around 3.78 billion social media users worldwide (Statista, 2021). The most popular social media platforms that mainly affect digital marketing are Instagram, Facebook, YouTube, Twitter and TikTok, according to Statista (2021). The global penetration rate in these social networks, according to Statista (2021): The number of active users' penetration in these social networks is: YouTube (62%), Facebook (61%), Instagram (39%), Twitter (22%) and TikTok (12%). Since social media marketing is considered the most flexible marketing platform, SMEs utilize this marketing technique to increase sales and reach target customers due to a limited budget (Tsimonis & Dimitriadis, 2014).

Social media marketing becomes increasingly popular among practitioners and scholars, because most social media platforms have data analytics tools that allow businesses to track the development, performance, and engagement of a social media marketing campaign (Shaltoni, 2016). According to Zarrella (2010), the benefits of social media marketing include learning more about customers easily, more successfully targeting consumer searches, improving brand awareness and promotion and sharing information faster.

2.1.10 Search Engine Optimization(SEO)

Search engine optimization (SEO) is the process of creating the content of a website according to what potential customers are looking for and presenting it in such a way that both people and search engines can readily access. SEO refers to all of the tactics used on search engines to boost website visibility. SEO helps businesses to rank their websites high in that search engine results that are non-paid(organic). If a company wants to increase targeted traffic to a website, organic search results are the way to go (Ryan & Jones, 2009). SEO is the primary source of leads, it increases close rates and conversion rates, it reduces advertising costs, and it increases brand awareness and trust.

2.1.11 Pay Per Click(PPC)

As opposed to organic search approaches, PPC marketing is a means of generating website clicks through search engine advertising. Pay-per-click marketing provides businesses with the ability to rank high on search pages for certain keywords and phrases through payment. This is seen as an effective way to quickly generate search engine traffic based on the type of business and the specific keywords they want to rank for. Furthermore, PPC enables companies to target customers based on factors such as age, gender, education and others, which is a straightforward approach to target the right people to a company's website. While PPC continues to grow in popularity and competitiveness, keywords are becoming more expensive for small businesses (Ryan & Jones, 2009). Although organic search is less expensive than PPC, there are several situations in which PPC is preferable to SEO. For instance, if a firm wants to see immediate results, they would select PPC since their advertising will be seen instantly to thousands of individuals.

2.1.12 Affiliate Marketing

Affiliate marketing is a form of online advertising through which third parties promote products and services through online distribution channels. Affiliate marketing is an individual or an organization attracts new customers to businesses via their marketing efforts, and affiliate receives commission when each sale happens through advertisement of companies' products and services. Thus, affiliate marketing is a win-win relationship between a company and affiliate. A company generates revenue with increasing sales of its products or services without paying additional advertisement cost; on the other hand, an affiliate gets profit with the promotion of a company's products and services. Affiliate marketing has great opportunities for SMEs from different perspectives. A product or service promotion on a partner website can generate a halo effect which in turn leads to increasing customer purchase intention (Gallaughner et al., 2001). With usage of affiliate marketing, a company can reach a bigger audience and increase volume of sales. According to Gallaughner et al. (2001), affiliate marketing is more cost-effective for SMEs than other types of internet advertising since it reduces the administrative costs associated with purchasing advertising.

2.2 Empirical Review

2.2.1 Digital Marketing and SMEs' growth

Initially, the article published by Is-Haq (2019) precisely describes the research problem and objectives. In order to assess the relationship, descriptive analysis by using regressions, frequency counts, and percentages was conducted. The findings of the study reveals that there is a positive correlation between digital marketing and sales improvement of SMEs. The results of this study shows that adoption of digital marketing tools significantly affects sales growth of SMEs. Meanwhile, the effect of digital marketing alternatives on sales growth is more favorable when e-mails, search engine optimization, and pay per click are used. Limitations of this study that the relevance inherent in digital marketing to improve sales in SMEs in Nigeria has not been taken into account, although limited efforts have been made by several scholars to understand the relationship between digital marketing and sales growth.

In the article published by Omar et al. (2020), cross sectional design and descriptive data analysis by using SPSS software was applied in this study to analyze the correlation between digital marketing and the improvement of SMEs. Furthermore, convergence validity analysis, cross-load analysis, Fornell-Larcker Criterion analysis, the HTMT analysis was applied to evaluate the objectives of the study. The results of the study found out usage of digital marketing tools has a significant relationship with SMEs' growth. According to the findings of the study, digital marketing boosted revenue, market share, and profitability of small companies dramatically. The study also indicated that small companies using digital marketing had better performance than companies utilizing traditional marketing strategies.

The effect of digital marketing channels on the growth of SMEs found in another article published by James (2021) was examined by using descriptive and correlational analysis. 150 enterprises and 50 managers were used in this study to investigate the research objective. The results of study showed that there is a strongly positive relationship between adoption of digital marketing techniques and small and medium enterprises of growth. The findings of the study also indicated that adoption of digital marketing strategies and tools, such as online advertising, search engine optimization, email marketing, mobile marketing and social media marketing had a favorable impact on small enterprises' performance.

In the article published by Etim et al. (2021), the relationship between e-marketing strategies and the performance of small and medium size enterprises was examined by using cross-sectional survey research design. To analyze the research objective, the structured questionnaire was used as a primary data collection tool and data was collected from 295 operators of SMEs. The results of the study with the help of Multiple Linear Regression Analysis indicate that the adoption of e-marketing strategies such as social media marketing, online advertising and e-marketing has a significant positive effect on the performance of SMEs in Nigeria in post-Covid-19 era. The study findings also revealed that SMEs using e-marketing strategies outperformed other enterprises in terms of business performance.

The impact of e-marketing strategies on performance of registered rated hotels in Kenya is found in the article done by Korir (2020). A semi-structured questionnaire was used to collect primary data from 63 workers from 18 hotels in Kenya, with a focus on Nakuru County. The collected data were analyzed by using descriptive statistics, and multiple regression was used to assess the study's hypotheses. As a result of the study's findings, social media, email marketing, mobile marketing, and search engine optimization had a significant positive influence on the performance of hotels in Nakuru County, Kenya.

The article published by Nurlia et al. (2021) examines the impact of digital marketing and brand awareness on performance of SMEs. The analyze the linkage between concepts, various methods – Validity, Reliability and Multiple Regression tests were used. The results of the study found that both digital marketing and brand awareness have a positive impact on performance of SMEs.

2.2.2 Email Marketing and SMEs' growth

The article by Obradovic (2018) analyzes the usage of email marketing on small and medium enterprises in Serbia. In this study, a questionnaire was used to collect data from SME workers in Belgrade. The results of the study indicate that email marketing is an essential tool for improving the performance of SMEs in terms of sales increase and building customer relationship. Email marketing should be integrated to the marketing strategies of SMEs in Serbia in order to achieve better results in their business performance. According to the article written by Obradovic and Alcakovic (2018), the usage of email marketing in SMEs was analyzed in Serbia. The study was conducted in the form of questionnaire. The study findings reveal that the effective use of email marketing has a significant effect on the business performance of SMEs. According to the results, SMEs in Serbia utilize email marketing for increasing sales and brand awareness, and building customer relationship. The study suggests that email marketing should be adopted by SMEs in order to achieve a better and consistent customer experience.

H1: The usage of email marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

2.2.3 Mobile Marketing and SMEs' growth

In the article published by Doleman et al. (2017), the effect of mobile marketing strategies on increasing brand awareness and sales for small businesses was evaluated. The qualitative research method was adopted to analyze this relationship and purposeful sampling was used to collect data for the study. Semi-structured interview as a primary data collection tool was collected from marketing professionals. Data analysis was done by using thematic analysis technique and applying Preliminary List of Start Codes. The results of study showed that mobile marketing is an effective strategy to boost sales and brand awareness for small businesses. The findings of the study also reveal that the when small and medium enterprises use more mobile marketing, they achieve more success in their businesses. This is because of

its benefits provided for entrepreneurs such as the usage of mobile phones or other gadgets at anytime and anywhere and convenience for business communication. Moreover, mobile marketing is more advantageous for SMEs with their limited budgets, which can decrease their cost and save their time. Mobile marketing also helps SMEs to share their business information with their competitors and give general information about their products or services to customers. The study results indicate that the awareness about mobile marketing for SMEs is important for improving their performance.

H2: The usage of mobile marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

2.2.4 Social Media Marketing and SMEs' growth

The article published by Kajonwe et al. (2020) indicates the relationship between social media marketing and SME's performance in Zimbabwe. In order to analyze this linkage, cross sectional research design and random sampling was used. In this study, a primary data collection tool was questionnaires. The findings of the study by using Chi-square test through SPSS revealed that there is a positive relationship between SMM and SMEs' growth. The study results indicate that social media marketing is a vital aspect of marketing strategies in the SME's business life due to its various advantages for entrepreneurs. The number of likes and sharing updated information and rich content leads to the increase in the business profitability of the SMEs. The study suggests that SMEs can achieve their sustainability by effectively utilizing these crucial aspects of SMM. The findings also indicate that SMM develops brand awareness, productivity and customer relationship of SMEs. The research recommends that SME can attract new customers by creating reach content on social media and communicating with the customers in a friendly manner. Furthermore, the study suggested developing a clear social media strategy and targeting the right customers in order to achieve success in the usage of social media. The results of the study revealed that social media marketing methods used by SMEs have a favorable effect on consumer acquisition and retention, leading to increased market share. The study findings conclude that SMM is a highly effective and low-cost tool for SMEs' growth in terms of increasing sales and brand awareness.

H3: The usage of social media marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

2.2.5 Online Marketing and SMEs' growth

In the article published by Kovalenko (2020), the impact of online marketing on the activities of micro-enterprises was analyzed. The sampling group in the study was 306 websites of small enterprises and a survey was used to collect data from participants. The findings of the study revealed that the use of online marketing methods has a positive effect on the high visibility of websites of micro-enterprises. The study also suggested that SMEs should implement online marketing strategy in order to boost their business operations and sustain in the competitive environment. The article written by Tomasi (2017) explores the impact of

SEO and PPC on performances of SMEs. Multiple case study methodology was employed to analyze the effect of SEO on business performance of SMEs. The structured survey was used to collect from CEOs of 22 SMEs. The results of the study indicate that the use of SEO and PPC positively impacts on improving business performance of SMEs in terms of increasing web traffic to the company's website and sales revenue. Therefore, the literature shows that both components of search engine marketing (SEM) – SEO and PPC assist small and medium sized enterprises in increasing brand awareness and sales.

H4: The usage of SEO marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

H5: The usage of PPC marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

2.2.6 Affiliate Marketing and SMEs' growth

In the article published by Natarina (2019), the impact of affiliate marketing in terms of increasing sales in Pegipegi online travel agent industry(OTA) was discussed. In this study, the qualitative research method and an interview as a primary data collection tool was used. The findings of the study show that promoting OTA products with the use of affiliate marketing through blogs, Google Ads and Facebook Ads has a positive impact on the increasing sales of OTA products. In the study done by Nwogu (2019), the usage of affiliate marketing on increasing the sales and profitability of online stores in Nigeria was evaluated. The study results indicate that the affiliate marketing is the most effective tool to generate online sales by offering many rewards to customers and to market their goods or services.

H6: The usage of affiliate marketing has a positive impact on the SMEs' growth in terms of increasing sales and brand awareness.

2.2.7 The challenges of digital marketing adoption by SMEs

Several researches have been conducted regarding the challenges confronted by SMEs in digital marketing adoption, which inhibit their growth in their businesses. According to Wilson and Makau (2017), one of the main challenges constraining SME's digital marketing usage for their businesses' growth is their insufficient knowledge about digital marketing. They also identify that the SMEs who understand the significance of digital marketing, they are more likely to boost their competitiveness and success. Wilson and Makau (2017) also identify the lack of financial resources as a major barrier for SMEs on their use of digital marketing. The high costs of some digital marketing techniques as well as a lack of experienced personnel are the key barriers that prevent SMEs from the use of digital marketing in their businesses. Peter and Vecchia (2020) states that the main barriers to SMEs implementing digital marketing are their limited financial resources, expertise and infrastructure. Sheikh et al. (2016) findings revealed that a lack of time for planning and implementation of digital marketing as a key barrier leads to its limited application for SMEs in their businesses. The research conducted by

Yaseen et al. (2019) investigates assessing the extent of digital marketing adoption by SMEs in Jordan. The study results indicate that the limited digital marketing knowledge and financial resources such as expertise and technology negatively affects the implementation of digital marketing tools by SMEs. Likewise, Kurian et al. (2019) conducted research in Singapore to examine the intersection between social media marketing and SMEs. The findings revealed that the lack of awareness about digital marketing among SME's employees prevents their adoption of social media marketing, which in turn negatively impacts their businesses' growth.

H2: The challenges faced by SMEs has a negative impact on their adoption of digital marketing tools and growth in their businesses.

2.3 Conceptual Framework and Study Hypotheses

The conceptual framework determines the relationship between independent and dependent variables. The study analyze how the adoption of digital marketing affects the growth of SMEs in Azerbaijan. In this study, the adoption of digital marketing is an independent variable and the growth of SMEs is a dependent variable. For the growth of SMEs, both brand awareness and sales of SMEs was examined as a result of digital marketing adoption. For the digital marketing adoption, the study evaluated the extent to which various digital marketing tools were used by SMEs in Azerbaijan.

The hypotheses created by evaluating the above relevant research in order to identify the link between digital marketing techniques and the growth of small and medium-sized enterprises are listed below:

- **H1:** The adoption of digital marketing techniques (SMM, SEO, PPC, affiliate, email and mobile marketing) has a positive effect on SMEs' growth in terms of increasing sales and brand awareness.
- **H2:** The challenges faced by SMEs (the lack of digital marketing knowledge, the lack of time for planning and implementation, the lack of financial resources) has a negative impact on their adoption of digital marketing tools and growth in their businesses.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This section describes detailed information about study's research methodology, including the research design, the target population from which the data was collected, the population and sample design, the data collecting tool, and the data analysis process. The questionnaire provided questions about how SMEs in Azerbaijan use digital marketing tools and how they affect SMEs' growth. This chapter of the study also comprises a set of methods that explain the tools utilized to test the study's hypotheses.

3.2 Research Design

The research design outlines what the researcher plans to undertake and how the study will be carried out. In a nutshell, research design is the plan for data collection, measurement, and analysis (Cooper & Schindler, 2012). A research design is a basic strategy that outlines how data will be collected and data analysis techniques utilized, according to Bryman and Bell (2007). Cross sectional research design is used in this study in order to measure the impact of digital marketing strategies on SME's growth in Azerbaijan. An advantage of cross-sectional study design is the ability to compare many units of analysis at the same time. Cross-sectional study is effective to gather information at a particular time about marketing strategies used by SMEs in Azerbaijan and their effect on SMEs' performance. The research is conducted on the quantitative research method based on primary and secondary data sources to investigate this relationship. The quantitative research method is the process of collecting quantifiable data in order to investigate relationships between study variables and generalize the results in the form of statistical, mathematical and numerical data.

3.3 Population and Sample

The population is described as the whole set of elements from which one seeks to draw conclusions (Cooper & Schindler, 2012). A population, according to Levy and Lemeshow (2013), is described as the aggregated collection of components from which a researcher intends to draw conclusions. Study population in this research is all SMEs in Azerbaijan with a focus on Baku, and study is done via online because of accessibility. The research intended to gather information from the employees of various SMEs, with a focus on the Baku. The selection of Baku as a research site in this study is because of having highest number of SMEs active in Azerbaijan.

Cooper and Schindler (2012) describe sample size as a smaller subset of a wider population. They emphasize that the sample must be carefully chosen to be representative of the population and the researcher must ensure that the subdivisions involved in the study are appropriately provided for. Based on the statistics provided by State Statistical Committee of the Republic of Azerbaijan, a total of 316,370 small and medium size enterprises are recorded in Azerbaijan. The statistics about distribution of operating micro, small and medium enterprises by economic regions and administrative territorial units indicates that 150,560 SMEs are active in Baku. In order to analyze the impact of digital marketing adoption on SMEs' growth in Azerbaijan and test the hypotheses, the study was done by using sample size calculator Qualtrics to collect data from small and medium size businesses in Baku. By using Qualtrics and assuming a confidence level of 95% and a margin of error of 5%, ideal sample size would be 109. Therefore, 109 small and medium size enterprises in Azerbaijan, with a focus on Baku, constitute the sample size of this research by using random sampling method.

Sampling is described as the procedure of selecting a group of people for a research in such a manner that they reflect the wider population from which they were chosen (Cooper & Schindler, 2012). For this study, simple random sampling best suited as a sampling technique to select SMEs to gather information due to time and cost constraints of the research. Its

simplicity and free of classification error made it more efficient technique to collect data and easy to interpret data.

3.4 Data collection tool

While the current study is completed by utilizing a cross-sectional quantitative technique, an online questionnaire is used as a primary data collection tool to determine the impact of digital marketing on the growth of SMEs in Azerbaijan. According to Fox and Bayat (2010), a questionnaire is a collection of questions about a specific topic created by the researcher, in which answers and information are required for making data analysis. A questionnaire is more time and cost effective than other data collection tools to reach out respondents. Using questionnaires is easier to evaluate, more familiar to most people and eliminates bias. In this study, the structured questionnaire that contains multiple and Likert scale questions is employed to collect quantitative data from the participants. On the other hand, secondary data obtained from peer-reviewed articles, journals, statistics, reports and datasets.

The questionnaire used in this study consisted of 4 sections and contained 11 questions. Section 1 in the questionnaire includes demographic information about employees' working in small and medium size enterprises in Azerbaijan, specifically the respondent's gender, level of education, age, years of experience and others. Moreover, Section 1 contained general information about the type, establishment year, sales turnover of the companies that employees work. The following three sections were made up of scale items that used a 5-point Likert style scale. Anchors ranged from "no extent" to "a very great extent" and from "strongly disagree" to "strongly agree". Section 2 gives detailed information about the level of digital marketing techniques usage in SMEs in Azerbaijan. Section 3 captures the information about the effect of digital marketing techniques adoption on growth of SMEs in terms of sales increase and brand awareness. Section 4 includes information about the factors that prevent SMEs in Azerbaijan in digital marketing adoption on their growth.

The study was applied to a sample of 109 employees from SMEs in Azerbaijan. A total of 109 questionnaires were distributed to the employees of SMEs in Azerbaijan with a focus on Baku using an online platform. The participants were asked to express their opinions to analyze data obtained using correlation and regression analysis. Nevertheless, only 95 completed questionnaires were gathered, which resulted in a response rate of 87%, which was sufficient for data analysis. As a result, the rate of response is 87 percent, with 13 percent not responding.

3.5 Data Analysis Methods

Following the collection of all necessary study questionnaires from the respondents, data analysis was carried out. Descriptive analysis was used in this study. According to Cooper and Schindler (2008), descriptive analysis entails the procedure of converting raw data into charts, tables, and frequency distribution percentages for fully interpreting data. Both descriptive and inferential statistics was used as a main model for data analysis to evaluate quantitative data. According to Gill and Johnson (2010), Descriptive statistics is defined as

describing a particular data set with brief visual coefficients. According to Cooper and Schindler (2010), descriptive statistics are often divided into measures of central tendency and measures of variability or dispersion. The mean, median, and mode are measurements of central tendency, whereas the standard deviation or variance, the minimum and maximum variables are measures of variability. On the other hand, the inferential statistics helps to draw conclusions, make predictions and test hypotheses based on the data. The descriptive statistics included frequency distributions, mean and standard deviation, while the inferential statistics were multiple regression analysis and Pearson correlation coefficient.

The data obtained on the respondent's and the firm's demographic information was examined through the use of frequencies and percentages. Data obtained on the extent the use of digital marketing techniques on the SMEs' growth and factors that hindering SMEs' use of digital marketing were analyzed through the use of means and standard deviation. In order to determine the relationship between two variables, correlation analysis was done through the use of Pearson Correlation test. The significance of variables was determined using correlation analysis with a P value of 0.05. Regression analysis was utilized in order to investigate the linkage between study variables and the degree of variance that independent variables generate with the use of STATA Software. In this study, independent variable is digital marketing techniques such as SMM, SEO, PPC, Mobile marketing, Email marketing and Affiliate marketing while dependent variable is SMEs' growth. Since there are several independent variables in this study, Multiple Linear Regression analysis was used to assess the relationship between study variables in order to give a detailed analysis of the research objective. The linearity test was performed visually using scatter plots and statistically using ANOVA tables in this study. In this study, different tools such frequency tables were employed to analyze and present the data results.

CHAPTER 4

RESULTS AND DISCUSSIONS

4.1 Introduction

The purpose of this study is to determine how the use of digital marketing influences the growth of small and medium-sized businesses in Azerbaijan. This chapter offers summary data regarding the demographic characteristics of the respondents as well as general information about the SMEs they work in the Section 4.2. The extent and impact of digital marketing usage on SMEs' growth in Azerbaijan was discussed in section 4.3.1-4.3.5 with the use of inferential statistics such as correlation and regression analysis, and linearity test. The extent and impact of challenges SMEs face on digital marketing adoption on their growth was discussed in Section in 4.3.6 - 4.3.10 with the use of inferential statistics such as correlation and regression analysis, and linearity test.

4.2 Descriptive Statistics

4.2.1 Demographic data of respondents

Demographic characteristics of the study respondents are depicted between Table 1 – 4.

Table 1. Respondents' gender

	Frequency	Percent	Cumulative Percent
Male	46	48.4	48.4
Female	49	51.6	100
Total	95	100	

According to Table 1, the results of the study reveal that 51.6% of the SMEs are employed by females work in SMEs; whereas males made up 48.4%. This data demonstrated that females outnumber males in SMEs in Baku, Azerbaijan.

Table 2. Respondents' age

	Frequency	Percent	Cumulative Percent
Below 20 years	4	4.2	4.2
21-30 years	48	50.5	54.7
31-40 years	38	40	94.7
41-50 years	5	5.3	100
Total	95	100	

Table 2 showed that respondents between the ages of 21 and 30 made up the greatest proportion of 50.5%. The age category of 31-40 years comprised of 40% of the respondents. Those between the ages of 41 and 50, who contributed 5.3 %. The age category of below 20 years was the lowest age group among the employees in SMEs. This demonstrates that the SMEs in Azerbaijan has young employees that are interested in digital marketing.

Table 3. Respondents' level of education

	Frequency	Percent	Cumulative Percent
Diploma	10	10.5	10.5
Bachelor's Degree	44	46.3	56.8

Master's Degree	41	43.2	100
Total	95	100	

From Table 3, the results of the study show that the highest percentage of the respondents have bachelor's degree with 46.3%. Master's degree constituted 43.2 % while diploma constituted 10.5%. This demonstrates that employees of SMEs in Azerbaijan have a good education background, which would assist their capacity to use digital marketing tools.

Table 4. Respondents' experience years in SMEs

	Frequency	Percent	Cumulative Percent
Less than 2 years	26	27.4	27.4
Less than 4 years	31	32.6	60
5-10 years	32	33.7	93.7
More than 10 years	6	6.3	100
Total	95	100	

Table 4 indicates work experience years of study respondents in small and medium sized enterprises in Azerbaijan with a focus on Baku. The findings of the questionnaire reveal that the majority of employees in SMEs in Baku (33.7%) have experience between 5-10 years, while 32.6 % of employees have experience with less than 4 years. The remaining 6.3 % of employees have more than 10 years of experience. This reveals that employees at SMEs have sufficient working experience.

The employees of the enterprises involved in the study were asked questions about the number of employees, their annual sales turnover, enterprise types, operational durations, and general performance in order to demonstrate the characteristics of SMEs participated in the study. The study findings are displayed in Table 5-9.

4.2.2 Summary data of SMEs

Table 5. Types of SMEs (based on the number of employees)

	Frequency	Percent	Cumulative Percent
Small (Between 10-30 employees)	23	24.2	24.2
Medium (Between 31 and 50 employees)	42	44.2	68.4

Large (More than 50 employees)	30	31.6	100
Total	95	100	

Table 5 indicates types of enterprises where the study respondents came from based on the number of employees. According to the results of the study, high percentage of SMEs (44.2%) in Azerbaijan consisted of medium enterprises, while 31.6 % of respondents came from large enterprises and the remaining 24.2 % are small enterprises.

Table 6. Establishment year of SMEs

	Frequency	Percent	Cumulative Percent
Less than 1 years	8	8.7	8.7
1 to 5 years	32	33.8	42.5
5 to 10 years	33	35.1	77.6
More than 10 years	22	22.4	100
Total	95	100	

The time period in which the SMEs in Baku, Azerbaijan have been in operation is shown in Table 6. According to the study findings, the majority of participating enterprises have been in operation between 5 to 10 years, while 33.8 percent of the SMEs have been in operation between 1 to 5 years. 8.7 percent of the SMEs are immature and began their operation for less than 1 years. The remaining 22.4 percent of SMEs have been established for more than 10 years.

Table 7. Yearly Sales Turnover by SMEs

	Frequency	Percent	Cumulative Percent
Less than 50.000 AZN	9	9.5	9.5
50.000-100.000 AZN	19	20	29.5
100.000-500.00 AZN	35	36.8	66.3
More than 500.000 AZN	32	33.7	100
Total	95	100	

The distribution of yearly turnover of SMEs in Baku, Azerbaijan is shown in Table 7 above. The study findings indicate that 9.5 % of the SMEs make less than 50.000 AZN per year, while 20% earn between 50.000 AZN and 100.000 AZN per year. The data also reveals that 36.8 % of SMEs make between 100.000 AZN and 500.00 AZN, while 33.7% earn more than 500.000 AZN.

Table 8. The usage of digital marketing techniques among SMEs

	Frequency	Percent
Email Marketing	19	20
Mobile Marketing	60	63.1
Social Media Marketing	71	74.7
Affiliate Marketing	38	40
Search Engine Optimization (SEO)	36	37.9
Pay Per Click (PPC)	15	15.8

The study respondents that are employees of the enterprises participating in this study were asked about which digital marketing techniques are used in their workplace. The adoption of digital marketing techniques by SMEs in Baku, Azerbaijan is shown in Table 8 above. The study results indicate that social media marketing is widely used as a marketing tool among SMEs (74.7%), while 63.1 % of SMEs utilize mobile marketing, 40 % of SMEs utilize affiliate marketing, and 37.9 % of SMEs utilize SEO as a digital marketing technique. The least used digital marketing tools among SMEs are email marketing (20%) and PPC advertising (15.8 %).

4.3 Inferential Statistics

4.3.1 Extent of Digital Marketing Techniques Usage on SMEs' Growth

The influence of digital marketing on the growth in SMEs was investigated by examining each digital channel and its impact on sales and brand awareness, with the results shown in Table 11.1- 11.6. The SMEs answered by identifying how each digital marketing approach is important in affecting their sales and brand awareness, and the results were averaged to apply to all SMEs in Baku, Azerbaijan. The study respondents ranked the extent to which digital marketing techniques impacts on the growth of SMEs in terms of increasing brand awareness and sales. On a scale of 1 to 5, 1 denoting no extent, 2 a little extent, 3 a moderate extent, 4 a great extent, and 5 a very great extent. In Table 11, the analysis of study findings is presented with not only frequency and percentage values, but also mean and standard deviation. The resulting mean of 3.6 and above indicates that the use of digital marketing techniques impacted on increasing sales and brand awareness, which in turn leads

to the SMEs' growth. On the other hand, the resulting standard deviation of 1.4 and below reveals that variances of the given responses are insignificant, implying that they are nearly identical. The extent to which the impact of digital marketing techniques on the growth of SMEs in Azerbaijan with a focus on Baku are measured and the findings are displayed in the following table.

Table 9. Extent of Email Marketing Impact on SMEs' Growth

<i>The usage of Email Marketing has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	8	8.4	3.63	1.21
Little Extent(2)	10	10.5	3.63	1.21
Moderate Extent(3)	15	15.8	3.63	1.21
Great Extent (4)	38	40	3.63	1.21
Very Great Extent(5)	24	25.3	3.63	1.21
Total	95	100		

Table 9 describes the level to which SMEs in Baku, Azerbaijan email marketing as a form of digital marketing for SMEs' growth. According to the study findings, 8.4 of SMEs indicate that they do not use email marketing as a digital marketing approach at all in their growth, because they consider that email marketing is not so important for their businesses' improvement. Another 10.5 percent of the SMEs answered that they use email marketing as a marketing method to a limited level, 15.8 percent use email marketing to a moderate extent. 40 percent of SMEs use email marketing as a major digital marketing tool in increasing brand awareness and sales; whereas, 25.3 of SMEs percent utilize email marketing to a very great extent for their growth. The total mean calculated from the study responses indicates a value of 3.63, implying that the usage of email marketing impacts on sales growth and brand awareness of SMEs to a great extent.

Table 10. Extent of Mobile Marketing Impact on SMEs' Growth

<i>The usage of Mobile Marketing has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	5	5.3	3.73	1.16

Little Extent(2)	12	12.6	3.73	1.16
Moderate Extent(3)	14	14.7	3.73	1.16
Great Extent (4)	37	39	3.73	1.16
Very Great Extent(5)	27	28.4	3.73	1.16
Total	95	100		

The usage of mobile marketing and its impact on SMEs' growth is analyzed and the findings are shown in Table 10. According to the responses provided, 5.3 % of SMEs do not utilize mobile marketing as a means of marketing, 12.6 % use mobile marketing to a little extent, 14.7% use mobile marketing to a moderate extent on their business growth. 39 % of SMEs employ mobile marketing as a major marketing tool to a great extent for boosting brand awareness and sales of their businesses. The remaining 28.4 % of SMEs use mobile marketing to a very great extent as a marketing technique. The calculated mean responses suggested a value of 3.73, meaning that the utilization of mobile marketing as a digital tool increases sales and brand awareness of SMEs to a great extent.

Table 11. Extent of Social Media Marketing Impact on SMEs' Growth

<i>The usage of Social Media as a marketing tool has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	5	5.3	4.38	1.16
Little Extent(2)	6	6.3	4.38	1.16
Moderate Extent(3)	4	4.2	4.38	1.16
Great Extent (4)	13	13.7	4.38	1.16
Very Great Extent(5)	67	70.5	4.38	1.16
Total	95	100		

Table 11 shows the results of an analysis of the use of social media marketing and its influence on the growth of SMEs. According to the study results, 5.3 % of SMEs do not use social media marketing as a marketing tool, 6.3 % use mobile marketing to a little extent, and 4.2 % use mobile marketing to a moderate level. 13.7 of SMEs use social media marketing as a primary

digital marketing technique for improving brand recognition and sales to a large extent, while 70.5 % employ social media marketing to a very great extent. The computed mean replies a score of 3.73, indicating that using social media marketing as a digital marketing technique influences on increased sales and brand awareness of SMEs to a very great extent.

Table 12. Extent of Affiliate Marketing Impact on SMEs' Growth

<i>The usage of Affiliate Marketing has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	8	8.4	4.11	1.25
Little Extent(2)	5	5.3	4.11	1.25
Moderate Extent(3)	6	6.3	4.11	1.25
Great Extent (4)	26	27.4	4.11	1.25
Very Great Extent(5)	50	52.6	4.11	1.25
Total	95	100		

The impact of affiliate marketing on the SMEs' growth is analyzed and the findings are shown in Table 12. The findings of the survey show that 8.4 percent of SMEs do not utilize affiliate marketing as a marketing strategy, 5.3 percent use affiliate marketing to a little extent, and 6.3 percent use affiliate marketing moderately. Affiliate marketing is used by 27.4 percent of SMEs as a primary digital marketing method to enhance brand awareness and sales to a great level, while 52.6 percent utilize it to a very large amount. The calculated mean responses a score of 4.11, showing that employing affiliate marketing as a digital marketing approach has an impact on increasing sales and brand recognition of SMEs to a very great extent.

Table 13. Extent of SEO Marketing Impact on SMEs' Growth

<i>The usage of SEO as marketing tool has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	17	17.9	3.08	1.39
Little Extent(2)	19	20	3.08	1.39

Moderate Extent(3)	16	16.8	3.08	1.39
Great Extent (4)	25	26.3	3.08	1.39
Very Great Extent(5)	18	19	3.08	1.39
Total	95	100		

Table 13 investigates the influence of SEO marketing on the SMEs' growth, especially sales and brand awareness. The study results indicate that 17.9 % of SMEs utilize SEO at all. 20 % of SMEs said they use SEO marketing as a marketing tool to a little level, while 16.8 percent said they use it moderately, 26.3% of SMEs employ SEO to a great extent in their business growth. SEO marketing is used by 19 percent of SMEs extensively for improving brand awareness and sales. According to the calculation of mean responses, a value of 3.08 indicates that using SEO marketing as a digital marketing technique influences on boosted sales and brand recognition of SMEs to a moderate amount.

Table 14. Extent of PPC Marketing Impact on SMEs' Growth

<i>The usage of PPC as a marketing tool has increased sales and brand awareness of SMEs.</i>				
	Frequency	Percent	Mean	Standard Deviation
No Extent(1)	19	20	2.92	1.34
Little Extent(2)	18	18.9	2.92	1.34
Moderate Extent(3)	24	25.3	2.92	1.34
Great Extent (4)	20	21	2.92	1.34
Very Great Extent(5)	14	14.8	2.92	1.34
Total	95	100		

The impact of PPC marketing on the growth of SMEs is examined, as indicated in Table 14. The study results reveal that 20% of SMEs do not utilize PPC as a digital marketing tool, 18.9 use PPC marketing to a little extent, 25.3% employ PPC moderately for their business growth. PPC marketing is adopted by 21 % of SMEs to a great extent, while 14.8 of SMEs implement PPC as main digital tool to a very great extent. The results of mean calculation with a value of

2.92 indicate that the usage of PPC marketing influences on the increased sales and brand awareness of SMEs to a little extent.

4.3.2 Pearson Correlation Test

The correlation shows the strength of the linear relationship between independent and dependent variables. The correlation analysis is used to determine whether the model has a multiple correlation problem and whether the variables move together within certain frequency ranges. Pearson's correlation coefficient ranges from -1 to 1 . A correlation coefficient of -1 shows a perfect negative correlation, $+1$ indicates a perfect positive correlation between variables, and correlation coefficient of 0 indicates that there is no correlation between variables

Table 15. Pearson Test for the impact of Digital Marketing Usage on the SMEs' Growth

	<i>SMEs' growth</i>	<i>SEO</i>	<i>SMM</i>	<i>Affiliate M.</i>	<i>Email M.</i>	<i>PPC</i>	<i>Mobile M.</i>
SMEs' growth	1						
SEO	0.68975674 .000	1					
SMM	0.828659643 .000	0.699444922 .000	1				
Affiliate M.	0.706806578 .000	0.717648874 .000	0.815773503 .000	1			
Email M.	0.492830238 .000	0.622773932 .000	0.485640811 .000	0.496176727 .000	1		
PPC	0.303070182 .000	0.525337311 .000	0.406231967 .000	0.496524608 .000	0.435185878 .000	1	
Mobile	0.557578564 .000	0.554126185 .000	0.563531553 .000	0.57175171 .000	0.587804894 .000	0.455165177 .000	1

Correlation is significant at the 0.05 (2-tailed)

The impact of each digital marketing techniques use on the SMEs' growth was determined using a Pearson Correlation test. The correlational analysis of the study variables is indicated in Table 15. The table indicates that there is a significant relationship between digital marketing and the growth of SMEs. The indicators of this correlation between study variables are digital marketing techniques. Since the correlation coefficient is positive at 5.00% level, there is a strong relationship between the digital marketing techniques usage and the growth of SMEs. The table shows that there is a positive relationship between Search Engine Optimization(SEO) and the growth of small and medium size enterprises, because its coefficient value($r=0.690$) lies between 0.50 and 1 . The correlation between Social Media marketing(SMM) and SMEs' growth is perfect, since its value($r=0.829$) is near to 1 . There is a positive relationship between

Affiliate marketing and the growth of SMEs, because its coefficient value ($r=0.71$) lies between 0.50 and 1. The coefficient value of Email marketing ($r=0.493$) is near to 0.50, which indicates that there is a positive correlation between Email marketing and SMEs' growth. There is also positive relationship between Mobile marketing and the growth of SMEs, because its value ($r=0.558$) lies between 0.50 and 1. The relationship between Pay Per Click (PPC) marketing and SMEs' growth is moderate since its value ($r=0.303$) lies between 0.30 and 0.49.

Table 15 also indicates p value of each independent variables, which is important to determine the significance of digital marketing techniques on SMEs' growth. The results show that p value of all independent variables is less than 0.05 ($p < 0.05$), implying that there is a significant relationship between digital marketing techniques such as SEO, PPC, SMM, Affiliate marketing, Email marketing and Mobile marketing and the growth of SMEs. Therefore, since the correlation coefficient is positive and significant at 5.00% level, there is a strong relationship between the digital marketing techniques usage and the growth of SMEs. This implies that increase in the usage of digital marketing techniques leads to increase in the growth of SMEs.

4.3.3 Regression Analysis

To investigate effect of the digital marketing techniques on the SMEs' growth, a regression analysis was employed. The results of the regression analysis model for SMEs growth are shown in Table 18. Independent variables are SEO, PPC, SMM, Email Marketing, Affiliate Marketing and Mobile Marketing. On the other hand, in order to measure the impact of digital marketing on the growth of SMEs, yearly sales turnover of SMEs was used as a dependent variable in the regression analysis. Since intervals of sales turnover of SMEs cannot be measured in regression analysis, they were substituted with concrete numbers. Less than 50.000 AZN was replaced with 25.000, the interval between 50.000-100.000 AZN with 75.000, the interval between 100.000-500.0000 AZN with 300.000, and more than 500.000 with 750.000 AZN. The size of SMEs as a control variable is included in this model in order to control the effect of independent variables on the dependent variable. In order to do regression analysis, the size of SMEs (small, medium, large) was given numbers 1,2,3 respectively. A control variable is added to the regression model in order to make the model more precise and a good fit for the data. A control variable also has a beneficial impact on the R square result, as it increased significantly when the control variable was introduced to the model, indicating a better fit for the model. The control variables increase the internal validity of the research by minimizing the impact of confounding factors that can alter the outcome and distort the core results of interest. Control variables make easier to establish the true relationships between independent and dependent variables.

Regression analysis was done with the command of “. regress Turnover SEO SMM Affiliate Email PPC MMC Size” through the use of STATA Software which is shown in Table 16.

Table 16. Regression Table from STATA

Source	SS	df	MS			
Model	5.6306e+12	7	8.0438e+11	Number of obs =	95	
Residual	1.7437e+12	87	2.0042e+10	F(7, 87) =	40.13	
Total	7.3743e+12	94	7.8450e+10	Prob > F =	0.0000	
				R-squared =	0.7635	
				Adj R-squared =	0.7445	
				Root MSE =	1.4e+05	

Turnover	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
SEO	26288.35	18437.22	1.43	0.157	-10357.62	62934.32
SMM	143189.3	26738.89	5.36	0.000	90042.91	196335.8
Affiliate	4597.862	22241.15	0.21	0.837	-39608.84	48804.57
Email	10699.08	16688.61	0.64	0.523	-22471.34	43869.5
PPC	-24143.08	12635.78	-1.91	0.059	-49258.06	971.8926
MMC	24197.33	17185.66	1.41	0.163	-9961.032	58355.69
Size	92777.27	26535.44	3.50	0.001	40035.2	145519.3
_cons	-530731	67426.44	-7.87	0.000	-664748.3	-396713.6

Table 17. Regression Model

Model	R	R Square	Adjusted Square	R	Standard Error of the Estimate
1	.874	.764	.745		1.4e+05

a. Predictors: Digital Marketing techniques

The R square value of this regression analysis model indicates that 76.4 % of the growth of SMEs explained by the use of digital marketing techniques, which means independent variables contribute 76.4 % to the dependent variable, and this model is successful.

4.3.4 Linearity Test

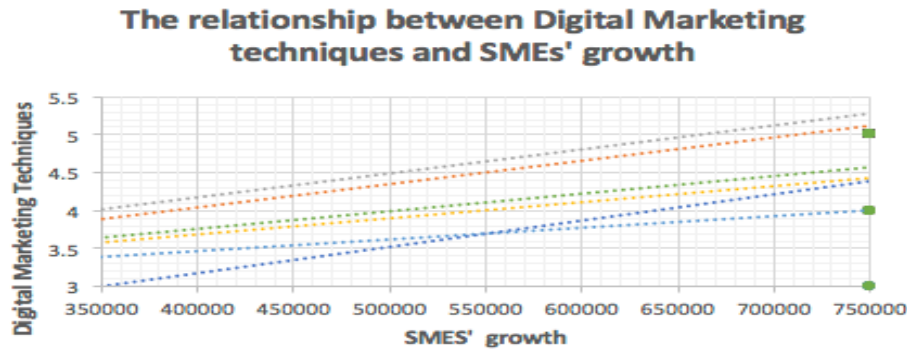
The linearity test was performed visually using scatter plots and statistically using ANOVA output tables in this study.

Table 18. ANOVA Test Results

Model	df	SS	Mean Square	F	Significance F.
Regression	7	5.6306E+12	8.0438E+11	40.13	0.0000
Residual	87	1.7437E+12	2.0042E+10		
Total	94	7.3743E+12			

The linearity test findings indicate significant F value ($F(7,87)=40.13$) and P value ($P>F=.000$) as shown in Table 18. ANOVA results showed that the value of significance is less than $\alpha = .05$ ($p=.0000<.05$), which concludes that regression model is a good fit for the data. This also reveals that there is a significant linear relationship between the usage of digital marketing and SMEs' growth. Therefore, it implies that there is strong evidence to accept H1: The adoption of digital marketing techniques (SMM, SEO, PPC, affiliate, email and mobile marketing) has a significant effect on SMEs' growth in terms of increasing sales and brand awareness.

Figure 1. The relationship between the usage of digital marketing techniques and SMEs' growth



In order to assess the relationship between study variables visually, the scatter plots were used, as indicated in Figure 1. The examination of the scatter plot shows that there is a positive linear relationship between the usage of digital marketing techniques and the growth of SMEs. This in turn means that the higher usage of digital marketing techniques the higher growth of SMEs.

4.3.5 The Impact of Digital Marketing Techniques on SMEs' Growth

Table 19 shows the impact of each digital marketing techniques on SMEs' growth from Multiple Linear Regression analysis. The table indicates regression coefficients of each independent variables for multiple regression analysis.

Table 19. The Impact of Digital Marketing Techniques on the SMEs' Growth

		<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-530731	67426.44429	-7.87125861	9.03204E-12
SEO	26288.35	18437.21957	1.425830363	0.157495603
SMM	143189.3	26738.88999	5.355097001	6.88467E-07
Affiliate M.	4597.862	22241.15494	0.206727661	0.836705614
Email M.	10699.08	16688.6083	0.641100761	0.523142499
PPC	-24143.08	12635.77757	-1.910692353	0.059337618
Mobile M.	24197	17185.6597	1.407995257	0.1626958
Company Size	92777	26535.44087	3.496352952	0.000744936

According to the regression outputs, the general form of equation for predicting the growth of SMEs from the use of digital marketing techniques such as SEO, SMM, PPC, Mobile Marketing, Affiliate Marketing, Email Marketing and company size as a control variable is:

$$Y = -530.731 + 26.288 \text{ SEO} + 143.189 \text{ SMM} + 4.598 \text{ Affiliate} + 10.699 \text{ Email} - 24.143 \text{ PPC} + 24.197 \text{ MMC} + 92.777 \text{ Company Size}$$

As shown in Table 21, the equation indicates the coefficients of each independent variables respectively. According to the equation results, the coefficient of SEO indicates that one unit increase in the use of SEO increases SMEs' growth by 26.288 units by holding other factors constant. The coefficient of SMM shows that every additional use of SMM increases the growth of SMEs by 143.189 units when other factors are held constant. The coefficient of Affiliate marketing represents that increase in the usage of Affiliate marketing increases the growth of SMEs by 4.598 units by holding other factors constant. The coefficient of Email marketing displays that one unit increase in the use of Email marketing increases SMEs' growth by 10.699 units by holding other factors constant. The coefficient of Mobile Marketing reveals that every additional use of Mobile Marketing increases the growth of SMEs by 92.777 units when other factors are held constant. The coefficient of PPC marketing indicates that every additional use of PPC decreases the growth of SMEs by 24.143 units when other factors are held constant. The coefficient of company size as a control variable show that increase in the company size leads to the increase in the growth of SMEs by 92.777 unit by holding other factors constant.

Table 20. VIF Test from STATA

Variable	VIF	1/VIF
SMM	3.67	0.272408
Affiliate	3.63	0.275720
SEO	3.12	0.320175
Email	1.92	0.521067
MMC	1.91	0.523014
Size	1.84	0.542329
PPC	1.54	0.649377
Mean VIF	2.52	

Due to the large number of independent variables in this study, the variance inflation factor (VIF) test is employed to determine multicollinearity through the use of STATA with "vif" command, which is defined as a scenario in which two or more independent variables are highly connected in a multiple regression equation. The high degree of correlation between variables can cause problems while fitting the regression model and analyzing findings; thus, multicollinearity can reduce the statistical significance of the independent variables. The VIF test determines the strength of the correlation between independent variables. A value of 1 denotes there is no relationship between independent variables. VIFs between 1 and 5 indicate a moderate correlation between independent variables, whereas VIFs larger than 5 suggest the high level of multicollinearity with poorly estimated coefficients and questionable p values. As shown in Table 20, VIF values of each independent variables were given accordingly. The results of VIF values reveal that there is a moderate relationship between independent variables, which implies that multicollinearity does not affect these variables, and correlation is not severe enough to warrant necessary measures. Therefore, we may rely on the coefficient and p values of these variables without taking any more steps.

Table 21. Challenges of SMEs on Digital Marketing Adoption

	Frequency	Percent
Lack of time for planning and implementation	25	26.3
Lack of finance	38	40
Lack of digital marketing knowledge	32	33.7
Total	95	100

Table 21 shows the challenges that SMES face that impede their digital marketing adoption. According to the study results, the major barrier for SMEs to utilize digital marketing techniques is the lack of finance, which is demonstrated by 40% of the responses. Another challenge that SMEs experience in the implementation of digital marketing tools is the lack of digital marketing knowledge which is indicated with 33.7 % of SMES that responded. 26.3 of the total responses demonstrate that the last barrier SMEs face in adoption of digital marketing techniques is the lack of time for planning and implementation.

The respondents were asked to rate the impact of the factors that hinder digital marketing adoption for SMEs using the following scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. The results of total responses are presented in Table 12.1-12.3. The resulting mean of 3.5 and above indicates that the certain factors become a challenge for SMEs to adopt digital marketing techniques, which in turn hindered SMEs' growth. On the other hand, the resulting standard deviation of 1.5 and below reveals that variances of the given responses are insignificant, implying that they are nearly identical.

4.3.6 Extent of Challenges SMEs face on Digital Marketing Adoption

Table 22. Extent of Lack of Time for Planning and Implementation that affects SMEs' adoption of digital marketing

<i>Lack of time for planning and implementation is a major challenge that hinders SMEs' adoption of digital marketing</i>				
	Frequency	Percent	Mean	Standard Deviation
Strongly Disagree(1)	25	26.3	2.93	1.50
Disagree(2)	13	13.7	2.93	1.50
Neutral(3)	18	18.9	2.93	1.50
Agree(4)	22	23.2	2.93	1.50
Strongly agree(5)	17	17.9	2.93	1.50
Total	95	100		

The extent of lack of time for planning and implementation that affected SMEs' on adoption of digital marketing is analyzed and the findings are shown in Table 22. The findings of the survey show that 26.3 percent of SMEs strongly disagree with the idea that a lack of time for planning and implementation is a major challenge that hinders SMEs' implementation of digital marketing, 13.7% of SMEs notify that this factor is not a barrier that they face on the usage of digital marketing tools. 18.9 of SMEs are neutral in their decisions whether the lack of time for planning and implementation is a challenge for SMEs to use digital marketing tools. 23.2 percent of SMEs agree the lack of time for planning and implementation is a major barrier for adoption of digital marketing for SMEs, while 17.9 percent strongly agree with this relationship. The calculated mean responses a score of 2.93 showing that a lack of time for planning and implementation is a challenge for SMEs' digital marketing adoption to a little extent.

Table 23. Extent of Lack of Finance that affects SMEs' adoption of digital marketing

<i>Lack of finance is a major challenge that hinders SMEs' adoption of digital marketing</i>				
	Frequency	Percent	Mean	Standard Deviation
Strongly Disagree(1)	5	5.3	3.72	1.29
Disagree(2)	18	18.9	3.72	1.29
Neutral(3)	11	11.6	3.72	1.29
Agree(4)	26	27.4	3.72	1.29
Strongly Agree(5)	35	36.8	3.72	1.29
Total	95	100		

Table 23 shows the extent to which SMEs' adoption of digital marketing was hampered by a lack of finance. According to the study findings, 5.3 percent of SMEs totally disagree that this element is not a big barrier to SMEs' implementation of digital marketing, while 18.9 of SMEs do not consider a lack of finance as a challenge for SMEs on adopting digital tools and techniques. 11.6 percent of SMEs are undecided about whether a lack of finance is a barrier to SMEs' adoption of digital marketing tools. 27.4 percent of SMEs say that a lack of finance is a key barrier to SMEs' adoption of digital marketing, and 36.8 of SMEs strongly agree that this factor hampers SMEs' implementation of digital marketing techniques. According to the calculation of mean responses, a value of 3.72 indicates that a lack of finance is a challenge by SMEs on digital adoption to a very great extent.

Table 24. Extent of Lack of Digital Marketing Knowledge that affects SMEs' adoption of digital marketing

<i>Lack of digital marketing knowledge is a major challenge that hinders SMEs' adoption of digital marketing</i>				
	Frequency	Percent	Mean	Standard Deviation
Strongly Disagree(1)	11	11.6	3.54	1.40
Disagree(2)	15	15.8	3.54	1.40
Neutral(3)	13	13.7	3.54	1.40
Agree(4)	24	25.3	3.54	1.40
Strongly Agree(5)	32	33.7	3.54	1.40
Total	95	100		

Table 24 demonstrates the extent of the lack of digital marketing knowledge that inhibited SMEs' use of digital marketing. According to the total responses provided, 11.6 of SMEs strongly disagree that this factor impedes SMEs to adopt digital marketing techniques, while 15.8 of SMEs do not consider a lack of digital marketing knowledge as a major barrier 13.7 of SMEs are concerned about this factor is a major impediment on the adoption of digital marketing for SMEs. 25.3 of SMEs agree that SMEs cannot utilize digital marketing tools because of their lack of digital marketing knowledge. 33.7 of SMEs' responses indicate that a lack of digital marketing knowledge is a significant obstacle to SMEs using digital marketing tools and techniques. The findings also demonstrate that a mean of 3.54, implying that is a challenge to digital marketing adoption for SMEs to a very great extent.

4.3.7 Pearson Correlation Test

Table 25. Pearson Test for the impact of challenges that hinder the usage of digital marketing on the growth of SMEs

	<i>SMEs' growth</i>	<i>Time</i>	<i>Finance</i>	<i>Knowledge</i>
SMEs' growth	1			
Time	0.396549988 .000	1		
Finance	-0.749506982 .000	-0.461576538	1	
Knowledge	-0.86185248 .000	-0.446326519	0.819916123	1

Correlation is significant at the 0.05 level (2-tailed)

Pearson Correlation test was used to examine the influence of each challenges that inhibits SMEs' adoption of digital marketing on their growth. The correlational analysis of the study variables is indicated in Table 25. The table demonstrates that there is a perfect negative correlation between the challenges of SMEs adoption of digital marketing and their growth. The table shows that there is a moderate relationship between a lack of time for planning and implementation for the adoption of digital marketing and small and medium size enterprises' growth, because its coefficient value($r=0.396$) lies between 0.30 and 0.49. There is a perfect negative correlation between a lack of finance that impede utilization of digital marketing by SMEs and their growth, since its value($r=-0.749$) is near to -1. The coefficient value of a lack of knowledge about digital marketing ($r=-0.862$) is near to -1, which indicates that there is a perfect negative correlation between a lack of knowledge which hinders SMEs' adoption of digital marketing and their growth.

Table 25 also indicates p value of each independent variables, which is important to determine the significance of challenges SMEs experience with using digital marketing on SMEs' growth. The results show that p value of all independent variables is less than 0.05($p<0.05$), implying that there is a significant relationship between SMEs' growth and challenges SMEs face in adoption of digital marketing such as a lack of time for planning and implementation, a lack of finance, and a lack of digital marketing knowledge. Thus, the table outputs indicate that there is a significant and perfect negative correlation between challenges SMEs face on digital marketing techniques usage and their growth.

4.3.8 Regression Analysis

To investigate the effect of the factors on the adoption of digital marketing by SMEs that hinders the SMEs' growth, a regression analysis was employed. The regression analysis was done by utilizing STATA Software with the command of “.regress Turnover Time Finance Knowledge Size”, as shown in Table 26.

Table 26. Regression Table from STATA

Source	SS	df	MS	Number of obs = 95		
Model	5.9528e+12	4	1.4882e+12	F(4, 90) =	94.23	
Residual	1.4215e+12	90	1.5794e+10	Prob > F =	0.0000	
Total	7.3743e+12	94	7.8450e+10	R-squared =	0.8072	
				Adj R-squared =	0.7987	
				Root MSE =	1.3e+05	

Turnover	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time	-1077.2	11390.64	-0.09	0.925	-23706.69	21552.29
Finance	-8110.901	17554.09	-0.46	0.645	-42985.16	26763.36
Knowledge	-110927.7	14061.65	-7.89	0.000	-138863.7	-82991.79
Size	113444.8	21643.13	5.24	0.000	70446.92	156442.6
_cons	467232.5	85177.27	5.49	0.000	298013	636452.1

The results of the regression analysis model for challenges that hinder SMEs' adoption of digital marketing are shown in Table 29. Independent variables are a lack of planning and implementation, a lack of time and a lack of finance. In order to measure the impact of factors

that hinder SMEs' usage of digital marketing, sales turnover of SMEs was used as a dependent variable in the regression analysis.

Table 27. Regression Model

Model	Multiple R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.8984	.8072	.7986	1.2e+05

a. Predictors: Challenges SMEs face in adopting digital marketing

As shown in Table 27, the R square value of this regression analysis model indicates that 81% of the growth of SMEs is explained by the challenges that inhibits SMEs' adoption of digital marketing, which means independent variables contribute 81% to the dependent variable, and this model is successful.

4.3.9 Linearity test

The linearity test was visually done in this study through the use of scatter plots and statistically ANOVA output tables.

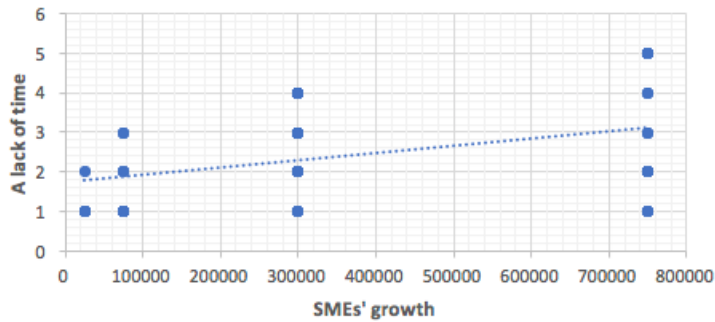
Table 28. ANOVA Test Results

Model	Sum of Squares	df	Mean Square	F	Significance F.
Regression	5.9528e+12	4	1.4882e+12	94.23	0.0000
Residual	1.4215e+12	90	1.5794e+10		
Total	7.3743e+12	94	7.8450e+10		

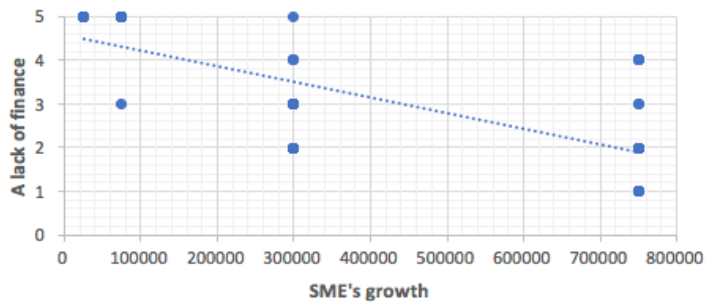
The linearity test findings indicate significant F values ($F(4, 90) = 94.23$ and P value ($P > F = .000$)) as shown in Table 28. ANOVA results showed that the level of significance is less than $\alpha = .05$ ($p = .000 < .05$), which concludes that regression model is a good fit for the data. This also reveals that there is a significant linear relationship between the challenges that SMEs experience with the usage of digital marketing and SMEs' growth. Therefore, it implies that there is strong evidence to accept H2: The challenges faced by SMEs (the lack of digital marketing knowledge, the lack of time for planning and implementation, the lack of financial resources) has a negative impact on their adoption of digital marketing tools and growth in their businesses.

Figure 2. The relationship between the challenges that SMEs face in the usage of digital marketing techniques and SMEs' growth

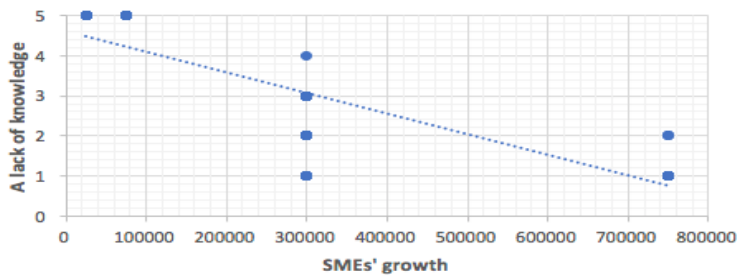
The relationship between a lack of time for planning and implementation and SMEs' growth



The relationship between a lack of finance and SMEs' growth



The relationship between a lack of knowledge and SMEs' growth



Scatter plots were utilized to visually analyze the connection between research variables, as shown in Figure 2. The scatter plot reveals a positive linear relationship between a lack of time for planning and implementation and the growth of SMEs. On the other hand, other 2 challenges such as lack of finance and knowledge about digital marketing have a negative linear link with SMEs' growth. The results imply that the more these challenges SMEs face in adopting digital marketing, the lower the development of SMEs.

4.3.10 The impact of challenges of SMEs' adoption of digital marketing on their growth

Table 29. The impact of challenges SMEs face in adopting digital marketing on their growth

Table 29 shows the impact of each digital marketing challenges on the growth of SMEs from Multiple Linear Regression analysis. The table indicates regression coefficients of each independent variables for multiple regression analysis.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	467232.5	85177.27	5.49	0.000
Company Size	113444.8	21643.13	5.24	0.000
Time	-1077.2	11390.64	-0.09	0.925
Finance	-8110.901	17554.09	-0.46	0.645
Knowledge	-110927.7	14061.65	-7.89	0.000

As regression model summarizes, the general form of equation for predicting the growth SMEs from the digital marketing challenges they face such as a lack of time for planning and implementation, a lack of finance and a lack of digital marketing knowledge and company size as a control variable is:

$$Y = 467232.5 - 1077.2 \text{ Time} - 8110.901 \text{ Finance} - 110927.7 \text{ Knowledge} + 113444.8 \text{ Company Size}$$

As shown in Table 29, the equation indicates the coefficients of each independent variables respectively. According to the equation results, the coefficient of a lack of time for planning and implementation indicates that one unit increase in the lack of time for planning and implementation SMEs face in the usage of digital marketing decreases SMEs' growth by - 1077.2 unit by holding other factors constant. The coefficient of lack of finance shows that one unit increase in a lack of finance decreases the growth of SMEs by - 8110.901 unit when other factors are held constant. The coefficient of a lack of digital marketing knowledge represents that increase in the lack of digital marketing knowledge decreases the growth of SMEs by - 110927.7 unit by holding other factors constant. The coefficient of company size as a control variable show that increase in the company size increases the growth of SMEs by 113444.8 unit by holding other factors constant.

Table 30. VIF test from STATA.

Variable	VIF	1/VIF
Finance	3.31	0.302515
Knowledge	3.26	0.306600
Size	1.56	0.642434
Time	1.29	0.772714
Mean VIF	2.35	

Due to the large number of independent variables in this study, the variance inflation factor (VIF) test is employed to determine multicollinearity through the use of STATA Software with “vif” command, which is defined as a scenario in which two or more independent variables are highly connected in a multiple regression equation. As shown in Table 30, VIF values of each independent variables were given accordingly. The results of VIF values reveal that there is a moderate relationship between independent variables, which implies that multicollinearity does not affect these variables, and correlation is not severe enough to warrant necessary measures. Therefore, we may rely on the coefficient and p values of these variables without taking any more steps.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The last chapter presents the summary, conclusion and recommendations of the study on impact of digital marketing on the growth of small and medium sized enterprises in Baku, Azerbaijan. This chapter contains the findings based on the collected data and a summary of the results about the study topic and project objective.

5.2 Summary of Findings

The primary goal of small and medium sized enterprises is to improve their performance with increasing profits and brand awareness while meeting the needs of customers. In order to achieve these objectives, digital marketing adoption is important in today’s digital era for SMEs. The purpose of this study is to evaluate how the adoption of digital marketing impacts on the growth of SMEs. The study addressed the following research questions: What is the impact of digital marketing on growth of SMEs in Azerbaijan in terms of brand awareness and sales growth? What factors hinder the adoption of digital marketing tools by SMEs in Azerbaijan?

The simple random sampling was used in this study. The research was based on primary data collected through questionnaires. The study population included all small and medium sized enterprises in Azerbaijan with a key focus on Baku. The sample size was the employees of 109 SMEs in Azerbaijan, with a focus on Baku, only 95 out of 109 SMEs responded to the questionnaires. The descriptive research design was employed in this study, which involved percentages, mean and standard deviation. The multiple regression analysis and Pearson Correlation Coefficient analysis was used as inferential statistics to examine the research objective.

The conducted research analyzed the research objective by collecting information from the demographic characteristics of SMEs and their employees, their usage of digital marketing techniques, the impact of digital marketing techniques on their growth in terms of brand awareness and sales. The research findings indicate that social media marketing is widely used

by small and medium sized enterprises in Azerbaijan, and its usage has a positive and significant impact on their growth. The mobile marketing is used extensively by SMEs in Azerbaijan and the study findings confirm that there is a significant and positive correlation between the use of mobile marketing and SMEs' growth. The findings indicate that affiliate marketing is employed moderately by SMEs in Azerbaijan and its use has a significant and positive impact on their growth. The study results reveal that email marketing is used to a little extent by SMEs, but its adoption has a positive and significant effect on the growth of SMEs. The study findings conclude that SEO marketing is used moderately by SMEs in Azerbaijan, but has a positive and significant effect on their development. PPC marketing is used to a little extent by SMEs in Azerbaijan due to its high cost than other digital marketing techniques, but the study results reveal that there is a moderate and significant relationship between PPC marketing usage and SME's growth. From that results of Pearson Correlation Coefficient analysis, it can be concluded that the usage of digital marketing tools has a positive and significant impact on the SMEs' growth. The result of the regression analysis indicates that the adoption of digital marketing techniques has a significant and positive effect on SMEs' growth in terms of increasing sales and brand awareness.

The second objective of this study is to analyze the impact of the challenges faced by SMEs on digital marketing adoption. The study results revealed that the lack of finance is the greatest challenge for SMEs in the implementation of digital marketing techniques. The second challenge confronted by SMEs in the usage of digital marketing is the lack of knowledge about digital marketing. The third challenge is the lack of time for planning and implementation. The study findings based on Pearson Correlation Coefficient analysis concluded that there is a significant and perfect negative correlation between SMEs' challenges on digital marketing techniques usage and their growth. The study findings from Multiple Linear Regression analysis led to the conclusion that one unit increase in the challenges faced by SMEs decreases their adoption of digital marketing. According to the regression analysis on challenges faced by SMEs has a significant and negative effect on SMEs' adoption of digital marketing which in turn inhibits their businesses' growth. According to the results of statistical analysis, the study hypotheses were accepted. As a result, the study was helpful in determining that digital marketing has a significant and positive impact on the growth of SMEs in Azerbaijan.

The third objective of this study is to take measures to prevent challenges that SMEs confront while adopting digital marketing in Azerbaijan. The study gives recommendations to small and medium sized enterprises in Azerbaijan in order to increase their growth with the adoption of digital marketing based on the research findings and conclusions. SMEs facing with transformation in the digital marketing world should take initiatives in order to become competitive and innovative in the today's business environment. SMEs should be aware that customers in today's digital era are well-informed about digital media and technologically savvy; therefore, they should integrate digital media in their operations for their growth. Email marketing, Mobile marketing, Social media marketing, Affiliate marketing, SEO and PPC marketing are all key elements of digital marketing which increase the growth of SMEs. These digital marketing tools provide SMEs with the potential to promote their goods or services in order to reach customers, build customer relationships, increase brand awareness, sales volume

and profitability. The first suggestion is the provision of proper education and training of the employees of SMEs on the use of digital marketing tools. SMEs should ensure that their workforces are computer literate and can utilize digital media tools. According to the study's results, the major barriers for SMEs to improve digital marketing adoption include a lack of digital media understanding, a lack of financial resources, and a lack of time for planning and implementation. These challenges should be focused on to enhance their digital marketing adoption. The government as well as public institutions such as KOBIA (small and medium businesses (SMB) Development Agency of the Republic of Azerbaijan) should develop initiatives and provide financial support to help SMEs for their growth. E-business policies should be implemented by policy makers in order to adopt digital marketing tools which can help for the growth of SMEs.

5.3 Limitations

There are several limitations associated with the study in spite of successful completion of the study. There were no previous studies about the impact of digital marketing adoption on SME's growth conducted in Azerbaijan. For this reason, this study reviewed the past researches about this concept from various countries. During data collection process, a small number of questionnaires remain unanswered, because some SMEs and their employees had a lack of understanding about the research subject and were not involved in digital marketing in their business operations. Moreover, due to a busy schedule of employees of SMEs, some of them ignored to answer the questionnaire. The use of a random sampling strategy resulted in limited data collection, which could limit the results.

5.4 Recommendations for Future Research

The study was conducted to analyze the impact of digital marketing adoption on the growth of SMEs in Azerbaijan with a key focus on Baku. It is suggested for future academic research that researchers should focus on conducting study in the areas where small and medium-sized enterprises are prevalent outside of Baku, and compare the findings of these studies on digital marketing to find solutions to identified common problems. This will benefit not just current SMEs in Azerbaijan, but also contribute to the overall development of the Azerbaijan's economy through SMEs growth. For future academic studies, researchers should consider how digital marketing affects other factors of SMEs beside brand awareness and sales volume. Further research should be done by gathering primary data on other types of digital marketing apart from the digital marketing techniques presented in this study. They should also use other analytical techniques to evaluate the impact of digital marketing on the growth of SMEs in Azerbaijan. It is recommended to select another sampling method to collect a huge number of data for the data analysis process.

5.5 Ethical Obligations

While conducting the study, ethical issues and norms were considered. Anonymity and confidentiality are essential ethical considerations in the research process, the identity of

participants and confidentiality of information gathered from the participants were protected. The respondents participated in the study based on voluntary consent. Informed consent is another significant ethical consideration that the participants in the conducted study are informed clearly about the purpose of the research. The researcher demonstrated the importance of the conducted study that can bring contributions to the scientific community. The participants are provided with clear and sufficient information in the study questionnaire to easily understand and answer questions. The results and findings of the study were clearly represented and discussed, because transparency is important element for researcher's ethical responsibilities. By considering research validity as an essential ethical consideration, the methodology of the study is correlated with research questions, purpose and findings.

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APPENDIX

The following questionnaire is designed to understand the impact of digital marketing adoption on the growth of SMEs in Azerbaijan.

SECTION 1 – Demographic data about respondents & Summary data about SMEs

1. Please indicate your gender:
 - Male
 - Female
2. Please indicate your age bracket:
 - Below 20
 - 21-30
 - 31-40
 - 41-50
3. Please indicate your level of education:
 - Diploma
 - Bachelor's Degree
 - Master's Degree
4. Please indicate the number of years of experience in the enterprise:
 - Less than 2 years
 - Less than 4 years
 - 5-10 years
 - More than 10 years
5. Please indicate the type of enterprise you are working based on the number of employees:
 - Small (between 10-30 employees)
 - Medium (30-50 employees)
 - Large (more than 50 employees)
6. Please indicate the years of the company establishment you are working:
 - Less than 1 year
 - 1 to 5 years
 - 5 to 10 years
 - More than 10 years
7. Please indicate what is sales turnover of the company you are working:
 - Less than 50.000 AZN
 - 50.000-100.000 AZN
 - 100.000-500.000 AZN
 - More than 500.000 AZN
 - Excellent

SECTION 2 - The level of digital marketing techniques usage

8. Please indicate which following digital marketing techniques your company use to do business operations:
 - Email Marketing
 - Mobile Marketing
 - Social Media Marketing

- Affiliate Marketing
- Search Engine Optimization(SEO)
- Pay Per Click(PPC)

SECTION 3 - The growth of SMEs with digital marketing adoption

9. To what extent are the following digital marketing techniques used to impact on growth of the SMEs?

With a scale of 1 to 5, with 1= "No Extent" and 5="Very Great Extent"

1. Email Marketing positively influenced on increasing sales and brand awareness of our company
2. Mobile Marketing positively influenced on increasing sales and brand awareness of our company
3. Social Media Marketing positively influenced on increasing sales and brand awareness of our company
4. Affiliate Marketing positively influenced on increasing sales and brand awareness of our company
5. Search Engine Optimization(SEO) positively influenced on increasing sales and brand awareness of our company
6. Pay Per Click(PPC) positively influenced on increasing sales and brand awareness of our company

SECTION 4 - The challenges of SMEs on digital marketing adoption

10. What following factors prevent your company's adoption of digital marketing on its growth?

- Lack of time for planning and implementation
- Lack of finance
- Lack of digital marketing knowledge

11. To what extent do the following factors prevent your company's adoption of digital marketing?

With a scale of 1 to 5, with 1= "Strongly Disagree" and 5="Strongly Agree"

1. Lack of time for planning and implementation prevents SMEs' adoption of digital marketing
2. Lack of finance prevents SMEs' adoption of digital marketing
3. Lack of digital marketing knowledge prevents SMEs' adoption of digital marketing

The List of Small and Medium Sized Enterprises Participated In The Survey

1. AzLux Construction LLC
2. Guvenli MMC
3. Ferrum Capital QSC
4. Inci Group of Companies
5. Sinteks LLC
6. Innab Business School
7. ARMY Group
8. Veyseloglu MMC
9. AzeriMed QSC
10. AZEA Group MMC
11. OBA Market LLC
12. Ricon MMC
13. City Finance
14. Edu Company
15. Code Academy
16. Technote
17. The Times Azerbaijan
18. Fortis Group
19. Kontakt Home
20. Tekhnomart
21. ByTelecom
22. Superfon
23. Irshad Electronics
24. IT Step Azerbaijan
25. Matrix Training Center
26. Maxi Shop
27. WorldTelecom
28. HiMedia Agency
29. 189 Taxi
30. Besting MMC
31. Samadov Law
32. Aga Group
33. Future Learn Academy
34. Colibri Groups
35. AzEstetik Group MMC
36. AMO Group
37. CELT Colleges
38. Kaspi Education Company
39. Gazelli Group
40. ATL Academy
41. Stanford Education Center
42. Edu Studio Azerbaijan
43. TimeLine Education
44. IT Brains Academy
45. Novco Group of Companies
46. Asthetik Lab
47. Bonamed MMC
48. HajMa Group of Companies

49. Euro Construction MMC
50. Optimal Electronics LLC
51. Trustlux MMC
52. Ecopress MMC
53. Tech Academy
54. Zaferoglu Construction
55. Arzena Design Studio
56. Aziza Design Studio
57. Haus Dizayn
58. Hasanoglu LTD
59. Kango MMC
60. Texno Plus Electronics
61. Green Tekno
62. Baku Electronics
63. Araz supermarket
64. Mover LLC
65. Vipex LLC
66. Sinteks Group of Companies
67. Azin Technology MMC
68. STIMUL Education & Consulting
69. AZDESIGN Group MMC
70. Titan Group
71. Saffron Construction
72. Bridge Group of Companies
73. 166 Logistics
74. Magnat Group
75. ArazNet MMC
76. MLK Construction Group
77. StudyLab
78. Mars Overseas Baku LTD
79. AMO Group
80. Study Care International Education Fairs
81. HiTravel MMC
82. YesTravel MMC
83. Technicon Engineers Consulting
84. Resant Group
85. ADDA Project Company
86. EDU Support
87. Academstar Training Center
88. Carters Azerbaijan
89. Grow Group Azerbaijan
90. Massi MMC
91. Magnet Media Groups
92. Iconic MMC
93. Glass House MMC
94. Focus Optika MMC
95. TB Training Center