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Article

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Digital marketing strategies and SMEs performance in Tanzania: insights, impact, and implications

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ABSTRACT

This article examines the interconnected nature of digital marketing strategies, encompassing search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, paid advertising, and data analysis and the performance of small and medium enterprises (SMEs) in Tanzania which encompasses various factors, including sales growth, market share, and market development. A total of 335 small and medium-sized enterprises (SMEs) used a systematic random selection method for data collection. The necessary data was gathered by the researcher using a structured questionnaire. Partial least squares–structural equation modeling (PLS–SEM) was used in the data analysis process. The results of the study demonstrate a notable correlation between the digital marketing strategies dimension and the SMEs Performance dimensions in Mbeya City. Additionally, the article reveals that there were no observed moderation impacts of dynamic environment on digital marketing strategies and SME performance. The article emphasizes the necessity for entrepreneurs to properly utilize digital marketing strategies. This article provides significant insights for scholars and practitioners interested in utilizing digital marketing methods to enhance the performance of SMEs in Tanzania. These insights are derived from a comprehensive synthesis of the most recent research in the field. Research for future studies was recommended.

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1. Introduction

It is indisputable that small and medium-sized firms (SMEs) are critical to the advancement of socio-economic development, especially in developing nations, where they contribute significantly to job creation and the growth of the gross domestic product (John et al., 2021; Kweka, 2022; Waziri & Nnko, 2023). The affordability, portability, and ease of use of smartphones is driving the growth of e-commerce as technology continues to transform businesses and communities (Kitole et al., 2024; Malipula, 2023; Raghunath et al., 2024). Globally, a significant proportion, ranging from 40% to 70%, of SMEs engage in cross-border operations, thereby making a significant contribution of 55–65% to the overall expansion of the global economy. Additionally, these SMEs play a crucial role in generating employment possibilities, accounting for approximately 79% of the total employment opportunities created (John, 2024). Shifting focus toward Tanzania, small and medium-sized enterprises encounter a formidable rate of failure, as an estimated 90% do not endure past their fifth year of operation (Madila & Ponera, 2024). The aforementioned challenges can be ascribed to factors such as limited financial resources, inadequate proficiency in business administration, a dearth of marketing strategies, and the provision of substandard products or services (Waziri & Nnko, 2023).

Because digital marketing is essential to small and medium-sized businesses' growth, this study has significant contribution to small and medium-sized business owner-managers who can engage directly with their customers through digital marketing and related technology solutions, enhancing the company's reputation and fostering more customer loyalty (Changalima et al., 2023). Small and medium-sized

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businesses typically lack the resources and marketing clout of their larger competitors, but customers frequently make decisions about a business based solely on its website (Saleh et al., 2023). SMEs can thrive in a global market where consumers have easy access to a wealth of information by incorporating digital marketing into their current operations (Tresnasari, 2023). Thus, in order to guarantee revenue development and success, owner-managers of SMEs need to know how to sell their offerings to prospective clients.

A lot of research have been conducted in developed countries on digital marketing and SMEs performance (Johnson-Deberry, 2023; Herzing, 2024; Harner-Morrill, 2023; Shahbandi, 2023; Zahara et al., 2023) and the result were mixed which call for more research in that area especially in Tanzania. Therefore, it is crucial for SMEs to possess a meticulously designed and measurable digital marketing strategy to proficiently overcome these challenges and achieve the desired results (John, 2024; Kisanga, 2024). Though a few research were done on digital marketing and SMEs performance in Tanzania (John, 2024; John et al., 2021) no study employs the Resource Based View (RBV) theory to assess the performance of SMEs in Tanzania. The evaluation specifically centers on the perspective of digital marketing strategies (DMS), which encompasses search engine optimization (SEO), content marketing (CM), social media marketing (SMM), email marketing (EM), influencer marketing (IM), paid advertising (PA), and data analysis (DA) and SMEs performance which encompasses: sales growth (SG), market share (MS) and market development (MD), with dynamic environment as a moderator. The main objective of this journal article is to examine the relationship between digital marketing strategies (DMS) and dynamic environment (DE) and organization performance within the context of SMEs in Tanzania. The key research question of this study was: 'what role does dynamic environment play on the relationship between digital marketing strategies and SMEs performance?' A conceptual framework was developed to demonstrate the proposed relationships and hypotheses were tested. The current paper presented a relevant literature review in section 2, followed by the summary of research hypotheses and conceptual framework in section 3, methodology in section 4, empirical results in section 5, discussions in section 6, and reseach implications and conclusion in section 7.

2. Literature review

The business landscape in Tanzania has undergone notable transformations due to the use of digital marketing strategies. This has resulted in a substantial influence on the methods utilized by businesses to handle marketing communications and improve product promotion.

2.1. SMEs performance

The scholarly literature inferred from this that SMEs whose owners are involved in a web of entrepreneurial networks stand a good probability of exceeding financial targets in business success also, that business networks and supporting networks are statistically significant and positively associated with internal business (John, 2024). This construct serves as an indicator of a company's alignment with its intended trajectory (John et al., 2021). In order to maintain competitiveness, it is imperative for small and SMEs to conduct regular evaluations of their performance (Abubakar & Chille, 2023; Nkwabi & Mboya, 2019). Various studies have identified multiple performance indicators based on their specific criteria. According to Magasi and Kimambo (2024), underlining the rising need of mixing technological techniques with conventional approaches to achieve continuous competitiveness and success in the local market. The performance of SMEs can be significantly improved by the implementation of several policies, such as financial services policies, credit facility and management policies, and marketing management policies (Malipula, 2023; Mang'ana et al., 2023). According to Kweka et al. (2021), SMEs can grow through relationships with larger companies through increased productivity, competition, learning, and market expansion, but these relationships are generally rare in Tanzania, but success depends on policy support. Kiyabo and Isaga (2020) added to the body of knowledge by presenting data on the utilization of personal wealth as a performance indicator for SMEs.

Over the years, numerous studies have been conducted to identify and examine the performance of SMEs. The predictors or antecedent variables examined in these studies are diverse. The models used to study SME performance are also varied, ranging from complex to simple, and are often inconsistent and

fragmented (Albimani, 2022; Hanoun, 2022; Herzing, 2024; Magasi & Kimambo, 2024; Martins, 2023; Saleh et al., 2023; Zahara et al., 2023). These studies have reported correlations with SMEs performance, with fragmentation arising not only from the number of predictors but also from a lack of consensus on the direct and indirect predictors of SME performance models. Business performance refers to a firm's ability to meet its objectives and satisfy its primary stakeholders. Evaluating business performance is essential to gauge its effectiveness and efficiency (Magasi & Kimambo, 2024). SMEs should thoroughly understand digital marketing, as it can offer significant performance benefits (Madila & Ponera, 2024). There is a notable correlation between the success of SMEs and the practice of digital marketing (Albimani, 2022; Algumzi, 2022; John, 2024; Martins, 2023).

2.2. Digital marketing strategies

The term 'Digital Marketing Strategy' pertains to the strategic plans and methodologies employed by firms or organizations to exploit digital media and internet technology for the purpose of promoting their products, services, or brands, as well as engaging with online consumers (Fute & Lyimo, 2019). According to Suluo (2024), the primary goals of a digital marketing strategy encompass the attainment of a specific target audience, enhancement of customer engagement, and generation of lucrative transactions. Abubakar and Chille (2023) posits that a diverse array of digital marketing strategies is available for organizations to employ. Numerous channels facilitate enterprises in efficiently showcasing their products in a digital format to a broader spectrum of potential buyers, so enhancing their competitive advantage Madila and Ponera (2024) asserts that Tanzanian SMEs faced technical difficulties with data volume, diversity, and analytical capabilities. The report suggests that ICT infrastructure be improved and that stakeholders in SMEs offer training.

The difficulties in integrating digital marketing strategies into a company's operations demonstrate the benefits of these strategies, but there are drawbacks to their application in business settings. Among the difficulties businesses encounter when implementing digital marketing strategies on operations are human resources and time commitment (Kimicho, 2020). In general, smallholder farmers thought that mobile phone technologies were a suitable means of communication to stay updated regarding information related to agricultural marketing. (Mushi et al., 2024; Nyagango et al., 2023). Nevertheless, despite the potential financial benefits and increased accessibility, organizations have novel obstacles when it comes to generating online content and overseeing digital engagements with customers, hence requiring the development of fresh proficiencies and capabilities (Pongwe & Churk, 2024). The function of Small and Medium-Sized Enterprises (SMEs) in promoting economic development at a worldwide level is of significant importance (Madila & Ponera, 2024).

Nevertheless, it is crucial to emphasize that a substantial part of small and medium-sized firms (SMEs) in Tanzania. Tanzania has implemented many digital marketing strategies, such as search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, paid advertising, and data analysis (Changalima et al., 2023). The proliferation of mobile phone usage and internet connectivity in Tanzania has resulted in a notable prevalence of digital engagement among Tanzanian individuals, hence fostering a favorable environment for conducting online transactions (Haji et al., 2023). Small and medium-sized firms (SMEs) are of utmost importance in the Tanzanian economy and serve as substantial catalysts for economic expansion in any given country (John, 2024; Madila & Ponera, 2024; Shauri et al., 2023). The correlation between the performance of the small and medium-sized firm (SME) sector and the overall economic performance of a nation is significant (Martins, 2023). Within the realm of small and medium-sized companies (SMEs), both scholars and practitioners continually strive to identify opportunities for improving organizational performance. This assertion holds special significance for assessing the impact of digital marketing strategies (DMS) on the performance of small and medium-sized enterprises (SMEs), as well as determining the opportunities that SMEs can pursue and the extent to which they ultimately influence SMEs' performance (John, 2024; Shauri et al., 2023).

2.3. Moderating variable: dynamic environment

The concept of environmental dynamism refers to the extent of unpredictable fluctuations in a corporation's external environment. Terms like uncertainty, volatility, and high-velocity are used in

academic discussions to describe this notion of unpredictable change (Solyukova, 2020). The literature extensively documents how environmental dynamism influences the relationship between SMEs characteristics and performance. For instance, Harner-Morrill (2023) argues that dynamic workplaces require managers who thoroughly understand their surroundings and can adapt accordingly. Additionally, these environments demand adaptable workers who seek compatibility with their surroundings through collaborative teamwork (Siddiqui et al., 2024). The impact of the business environment on the operational outcomes of SMEs is well-acknowledged in scholarly literature (Valdez-Juárez et al., 2024).

3. Summary of research hypotheses and conceptual model

To conclude the literature review, the study proposes the following hypotheses for the research objectives:

Hypothesis (H_1): Digital marketing strategies (such as search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, paid advertising, and data analysis) will significantly predict SMEs performance.

Hypothesis (H_2): The dynamic environment will moderate the relationship between digital marketing strategies and SMEs performance.

Figure 1 shows the conceptual framework of the study.

4. Methodology

4.1. Sample data

The research adopted a quantitative methodology, using a questionnaire to collect data from small and medium-sized enterprise participants in Mbeya City, Tanzania. The research population consisted of small and medium-sized service-oriented businesses located in Mbeya City, Tanzania. The entrance to SADC, which encompasses a wide range of entrepreneurial pursuits, including both small and major firms, is one of the factors that influenced the choice of Mbeya City (Mbegu et al., 2024). Moreover, the city is home to a sizable number of service-oriented SMEs, which are the subject of this study (Mwidege, 2024). The Directorate of Research and Postgraduates Studies (MZUMBE -DRPS), the University of Mzumbe's ethical and research committee, provided ethical approval for this study prior to starting the data gathering process. Additionally, the respondents' agreement to participate in the survey was requested in written and provided at the start of the survey. The study appropriately recognized all data sources and maintained the anonymity of the respondents. Data were gathered from individuals serving as owners or managers of SMEs. The study involved a sample size of 500 participants, utilizing a drop and pick approach for data collection. A total of 450 questionnaires were distributed to small and medium-sized service-oriented business owner-managers in Mbeya City Tanzania and 335 fully completed questionnaires were retrieved, resulting in a 74% response rate. Analysis was conducted using SMART-PLS 4, including a factor analysis to assess the instrument's reliability and validity. Hypotheses were tested using multiple regression and hierarchical regression. The sampling methodology employed was multi-stage cluster/proportionate sampling technique (Rea & Parker, 1992). Sampling Size determination was proportionate sampling technique (Krejcie & Morgan, 1970).

The study employed the Resource Based View (RBV) framework to support the variables under investigation, RBV provides a comprehensive theoretical basis for understanding how small and medium enterprises can gain a competitive advantage by effectively using digital marketing strategies (Changalima et al., 2023; Johnson-Deberry, 2023; Saleh et al., 2023; Zahara et al., 2023). The resource-based concept suggests that digital marketing strategies, such as search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, pay-per-click advertising and display advertising, serve as internal resources that can create competitive advantages

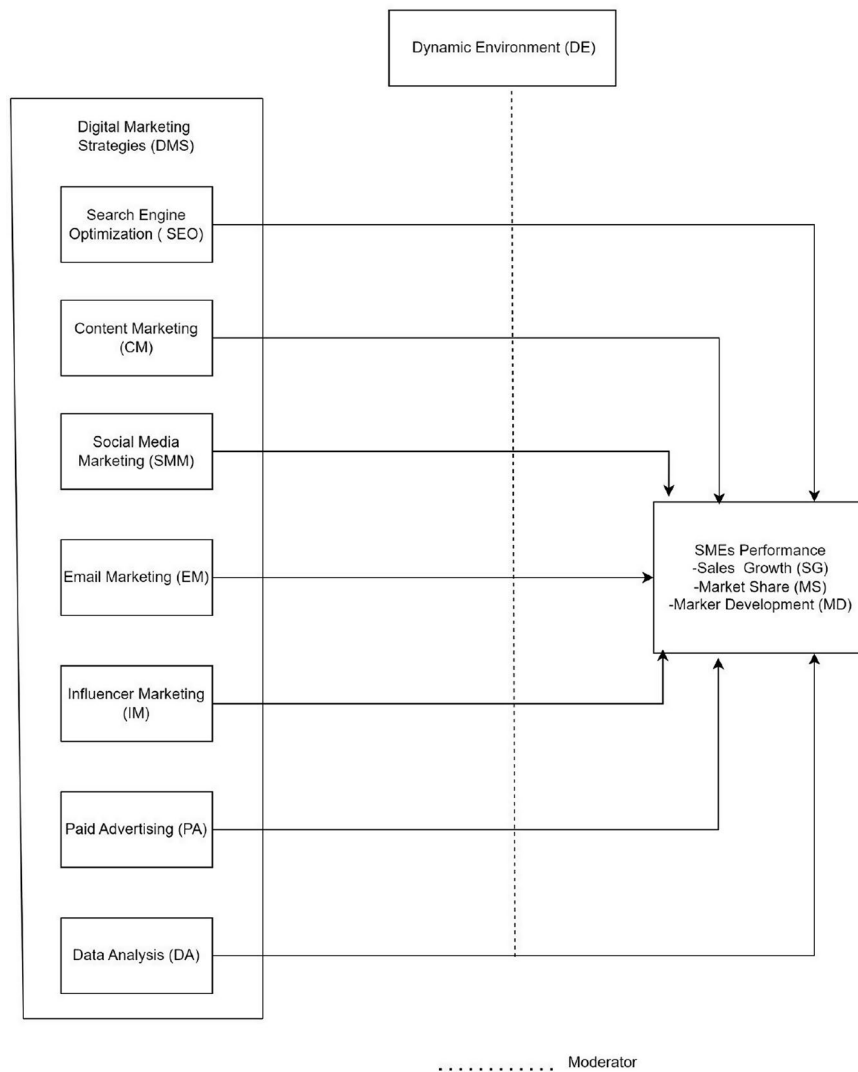


Figure 1. Conceptual framework.

(Zahara et al., 2023). This journal article aimed to examine the impact of digital marketing strategies on SMEs' organizational performance, in line with the RBV theory, while addressing a gap in the literature by including the dynamic environment as a moderating variable within the RBV framework. Existing literature explores various factors that significantly influence the relationship between different digital marketing strategies, such as Firm Size Jung and Shegai (2023) and performance. However, aligning crucial organizational components with the dynamic environment has been shown to yield more favorable outcomes (Wahab, 2016).

4.2. Data analysis technique

The study utilized Partial Least Square Structural Equation Modeling (PLS-SEM), specifically SMART PLS 4, to test the research model. The researchers chose PLS-SEM over Covariance-Based Structural Equation Modeling (CB-SEM) because PLS-SEM does not assume normal distribution of data, making it suitable for non-normal data (Goodhue et al., 2012). This approach was adopted to explain the variance in the detailed variables effectively (Hair & Alamer, 2022). Al-Emran et al. (2019) noted that PLS is appropriate for exploratory studies, which further justified its use in this research. Smart PLS 4 was employed to test the research hypotheses.

4.3. Measurement of the constructs

Existing literature was used to measure the research constructs, with minor modifications to both the measurements and scales. The dependent variable, SMEs performance was evaluated using three items for sales growth three items for market share, and two items for market development, adapted from (Farida, 2016; Gunday et al., 2011; Mutanu, 2017; Zahara et al., 2023). The independent variable, digital marketing strategies, included dimensions such as search engine optimization with six items, content marketing with six items, social media marketing with seven items, email marketing with seven items, influencer marketing with seven items, paid advertising with six items, and data analysis with seven items, adapted from Mutanu (2017). The dynamic environment was measured using five items adapted from Wahab (2016). The study employed a seven-point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Slightly Disagree, 4=Neutral, 5=Slightly Agree, 6=Agree, 7=Strongly Agree) to gauge respondents' agreement or disagreement with the constructs. The measurement approach received positive feedback. Table 1 illustrates these details.

Table 1 shows the summary of the construct's indicators questionnaire and the various literature sourced and scale measurement.

Table 1. Variable, variables definitions.

Variables	Variables Definition	Indicators	Authors
1. Digital Marketing	<p>Digital Marketing a marketing activity including:</p> <ol style="list-style-type: none"> 1. Search Engine Optimization (SEO) refers to the deliberate actions taken by a corporation to enhance the positioning and prominence of its website inside the unpaid, organic search engine results. Search engine optimization (SEO) encompasses the strategic use of pertinent keywords, the creation of high-quality content, and the utilization of various techniques with the objective of enhancing the likelihood of attaining a prominent position on the first page of search engine results. 2. Content Marketing: information marketing refers to the strategic practice of producing and disseminating valuable information, encompassing many forms such as blog articles, films, infographics, and other mediums. Its primary objective is to attract and maintain audience attention, while concurrently establishing and enhancing brand credibility 3. Social media marketing refers to the strategic utilization of various social media platforms, including but not limited to Facebook, Instagram, Twitter, LinkedIn, and others, with the aim of actively engaging with target audiences, promoting products or services, and fostering the development of a dedicated community of followers. 4. Email marketing refers to the utilization of electronic mail as a means of communication to engage with both prospective and current clients. This may encompass the dissemination of newsletters, provision of exclusive promotions, communication of product enhancements, and other related activities. 5. Influencer marketing is collaborating with individuals of influence or celebrities on social media platforms to endorse and advertise a specific company or product. 6. Paid advertising refers to the practice of utilizing digital platforms, such as Google Ads, Facebook Ads, or banner ads on external websites, to enhance visibility and attract clicks from pertinent target audiences 7. The process of data analysis involves the systematic gathering and examination of data pertaining to customer behavior, online interactions, and the effectiveness of digital marketing initiatives. The primary objective is to gain insights into the efficacy of current strategies and identify areas that require enhancement. 	<ol style="list-style-type: none"> 1. Search Engine Optimisation (SEO) 2. Content Marketing (CM) 3. Social Media Marketing (SMM) 4. Email Marketing (EM) 5. Influencer Marketing (IM) 6. Paid Advertising (PA) 7. Data Analysis (DA) 	(Farida, 2016; Gunday et al., 2011; Mutanu, 2017; Zahara et al., 2023)
2. SMEs Performance	The performance of small and medium-sized enterprises (SMEs) aims to generate value that contributes to the improvement of profit levels, profit percentages, sales growth, and customer expansion	<ol style="list-style-type: none"> 1. Sales Growth (SG) 2. Market Share (MS) 3. Market Development (MD) 	(Munir et al., 2023; Mutanu, 2017)
3. Dynamic Environment	Environmental dynamism is a concept that pertains to the degree of unpredictable fluctuations within a firm's external environment.	<ol style="list-style-type: none"> 4. Dynamic Environment 	(Wahab, 2016)

Source: Adopted from different Authors.

5. Empirical results

5.1. Model measurement

Following the recommendations of scholars like Sarstedt et al.,(2019), the authors drew inspiration from the PLS-SEM literature to rigorously assess the Higher Order Constructs (HOC) and Lower Order Constructs (LOC). The software SMART PLS 4 (Hair & Alamer, 2022) was utilized to evaluate the psychometric properties of the constructs and their underlying items.

5.1.1. Measurements model: lower order constructs (LOC) analysis

The quality of the constructs in the journal article is assessed through the evaluation of the measurement model. This begins with evaluating the factor loadings, followed by establishing construct reliability and validity (Sarstedt et al., 2019).

Table 2. Factor loadings.

	CM	DA	DE	EM	IM	MD	MS	PA	SEO	SG	SMM	DE x DA
CM.1	0.880											
CM.4	0.847											
CM.6	0.745											
DA.1		0.691										
DA.3		0.662										
DA.5		0.754										
DA.6		0.677										
DA.7		0.816										
DE.1			0.840									
DE.2			0.875									
DE.4			0.743									
DE.5			0.734									
EM.1				0.920								
EM.7				0.927								
IM.3					0.850							
IM.4					0.884							
IM.5					0.863							
IM.6					0.903							
IM.7					0.871							
MD.1						0.939						
MD.2						0.937						
MS.1							0.920					
MS.2							0.921					
PA.1								0.943				
PA.3								0.632				
SEO.1									0.644			
SEO.2									0.846			
SEO.3									0.866			
SEO.4									0.869			
SEO.6									0.833			
SG.1										0.906		
SG.2										0.938		
SG.3										0.943		
SMM.1											1.000	
DE x DA												1.000

SEO: search engine optimization; CM: content marketing ; SMM: social media marketing; EM: email marketing; IM: influencer marketing, Paid Advertising =; DA: data analysis =; SG: sales growth MS: Market share ; MD: market development; DE: dynamic environment . In Table 2, the factor loadings of the indicator variables for the latent constructs were evaluated, and they appropriately align with their respective constructs. According to Bagozzi and Yi (1988), factor loadings above 0.6 are considered optimal for demonstrating strong relationships between indicators and their underlying constructs. The results show that the indicator variables in Table 2 have loads ranging from 0.632 to 0.943, meeting this criterion. In Table 2: Factor Loadings, the shaded values highlight the highest factor loadings for each item across the constructs. Factor loadings represent the correlation or degree of association between an observed variable (e.g., CM.1, DA.1) and its underlying latent construct (e.g., CM, DA). Indication of Strong Association. The shaded values emphasize the factor loadings that demonstrate the strongest relationships between the observed variables and their respective latent constructs. These are typically the highest loadings in each row, showing which construct the item most strongly represents. For example, in row CM.1, the shaded value of 0.880 indicates that this item strongly loads onto the CM (Content Marketing) construct. High factor loadings (commonly above 0.7) suggest that the observed variable is a good indicator of the latent construct. The shaded values likely exceed the threshold of acceptable loadings, meaning these items adequately reflect their intended construct. For instance, IM.6 has a shaded value of 0.903, meaning it is strongly associated with the IM (Influencer Marketing) construct. The shading serves to visually confirm that each item is loading primarily on its intended construct, helping validate the measurement model. This means the items grouped under each latent construct (like CM, DA, DE, etc.) are accurate indicators of that construct. For the construct DA (Data Analysis), items like DA.1 (0.691), DA.3 (0.662), DA.5 (0.754), and others have their highest loadings shaded, confirming that these items are good indicators of the DA construct. Similarly, the items under IM all have strong loadings, such as IM.6 (0.903), which confirms their contribution to that construct. The shaded values highlight where each observed variable most strongly correlates with its respective construct, helping to verify the accuracy and reliability of the factor structure in the measurement model.

In [Table 3](#), the Variance Inflation Factor (VIF) statistic was employed to assess multicollinearity among the indicators (Fornell & Cha, 1994). According to Hair and Alamer (2022), multicollinearity is generally not a concern if the VIF value is below 5. The table in the journal article displays VIF values for each indicator, all of which are below this recommended threshold.

[Table 4](#) presents Cronbach's Alpha values ranging from 0.760 to 0.921 and Composite Reliability statistics ranging from 0.724 to 0.950. Both reliability indicators surpass the recommended threshold of 0.7 (Crocetta et al., 2021), confirming the reliability of the constructs. Convergent validity is evidenced by the Average Variance Extracted (AVE) values in [Table 4](#), all of which exceed the minimum threshold of 0.5, indicating satisfactory convergent validity (see [Table 5](#)).

In [Table 5](#) the AVE value is greater than or equal to the recommended threshold of 0.50, items converge to measure the underlying construct, thus establishing convergent validity (Fornell & Larcker, 1981). Therefore, convergent validity is confirmed.

In [Table 6](#) bold and Italics represent the square root of AVE. SEO: search engine optimization; CM: content marketing; SMM: social media marketing; EM: email marketing; IM: influencer marketing; PA: paid advertising; DA: data analysis, SG: sales growth, MS: market share MD: market development; DE: dynamic environment.

To assess discriminant validity of the constructs, Fornell-Larcker (1981) criterion was applied, as recommended by Hair et al. (2019). In [Table 6](#), the diagonal values (in bold) represent the Average Variance Extracted (AVE) for each measured construct. According to experts such as Hair et al. (2019) these AVE values should exceed 0.5 to confirm adequate discriminant validity. Additionally, each construct's AVE should be higher in both its own column and row compared to other constructs in the table. The results from [Table 6](#) indicate that all constructs meet both the basic and stringent criteria for discriminant validity. This confirms that the measured constructs are distinct from one another and contribute uniquely to the model, as suggested by the literature (see [Table 6](#)).

Table 3. Multicollinearity statistics (VIF) for Indicators.

	VIF
CM.1	2.018
CM.4	1.562
CM.6	1.535
DA.1	1.955
DA.3	2.248
DA.5	2.938
DA.6	2.050
DA.7	1.112
DE.1	2.433
DE.2	2.561
DE.4	3.689
DE.5	3.648
EM.1	1.985
EM.7	1.985
IM.3	2.385
IM.4	3.379
IM.5	2.639
IM.6	4.018
IM.7	3.188
MD.1	2.367
MD.2	2.367
MS.1	1.940
MS.2	1.940
PA.1	1.051
PA.3	1.051
SEO.1	1.139
SEO.2	2.920
SEO.3	4.677
SEO.4	4.192
SEO.6	3.198
SG.1	2.831
SG.2	3.823
SG.3	4.016
SMM.1	1.000
DE x DA	1.000

SEO: search engine optimization; CM: content marketing; SMM: social media marketing ; EM: email marketing ; IM: Influencer marketing; PA: paid advertising; DA: data analysis ; SG: sales growth; MS: market share; MD: market development; DE: dynamic environment.

Table 4. Construct reliability analysis (Cronbach Alpha and composite reliability).

	Cronbach's alpha	Composite reliability (rho_c)
CM	0.769	0.865
DA	0.819	0.829
DE	0.821	0.876
EM	0.827	0.920
IM	0.923	0.942
MD	0.864	0.936
MS	0.821	0.918
PA	0.760	0.724
SEO	0.877	0.908
SG	0.921	0.950

SEO: search engine optimization; CM: content marketing; SMM: social media marketing; EM: email marketing; IM: influencer marketing; PA: paid advertising; DA: data analysis; SG: sales growth; MS: market share; MD: market development; DE: dynamic environment.

Table 5. Construct convergent validity (AVE).

	Average variance extracted (AVE)
CM	0.682
DA	0.496
DE	0.640
EM	0.852
IM	0.765
MD	0.880
MS	0.848
PA	0.586
SEO	0.666
SG	0.863

SEO: search engine optimization; CM: content marketing; SMM: social media marketing; EM: email marketing; IM: influencer marketing; PA: paid advertising; DA: data analysis; SG: sales growth; MS: market share; MD: market development; DE: dynamic environment.

Table 6. Discriminant validity Fornell and Larcker criterion.

	CM	DA	DE	EM	IM	MD	MS	PA	SEO	SG	SMM
CM	0.826										
DA	0.167	0.704									
DE	0.606	0.163	0.800								
EM	−0.157	0.275	−0.213	0.923							
IM	0.478	0.230	0.472	−0.360	0.874						
MD	0.364	0.133	0.684	−0.016	0.250	0.938					
MS	0.371	0.120	0.727	−0.074	0.327	0.784	0.921				
PA	0.374	0.299	0.378	−0.256	0.759	0.185	0.213	0.766			
SEO	0.716	0.166	0.849	−0.242	0.529	0.613	0.611	0.415	0.816		
SG	0.394	0.138	0.906	−0.130	0.326	0.729	0.770	0.271	0.632	0.929	
SMM	0.692	0.139	0.530	−0.227	0.539	0.292	0.349	0.420	0.620	0.343	1.000

In Table 6, which presents the Discriminant Validity based on the Fornell and Larcker criterion, the bold and italic values in the diagonal represent the square roots of the AVE (Average Variance Extracted) for each construct. These values are compared against the correlation coefficients presented in the off-diagonal elements of the table. Diagonal values (bold italics) represent the square root of the AVE for each construct (e.g., CM, DA, DE, EM, etc.). According to the Fornell-Larcker criterion, for discriminant validity to be established, the square root of the AVE (diagonal values) for each construct should be greater than the correlation coefficients between that construct and any other construct in the model (off-diagonal values). This ensures that each construct shares more variance with its indicators than with other constructs, confirming discriminant validity. For the construct CM, the bold italic value is 0.826, which represents the square root of the AVE for CM. This value is compared with the correlation coefficients in the same row and column (e.g., 0.167, 0.606, etc.). Since 0.826 is greater than the other values in its row and column, this satisfies the Fornell-Larcker criterion for discriminant validity for CM. Each construct must satisfy this criterion (i.e., the diagonal value should be higher than the off-diagonal correlations) for discriminant validity to be confirmed across all constructs.

In Table 7 all items in the table strongly load onto their respective parent constructs rather than onto other constructs in the study. Therefore, based on the evaluation of cross-loadings, discriminant validity is achieved (Crocetta et al., 2021).

5.1.2. Validating higher order constructs (HOC)

The higher-order constructs were also validated as part of the measurement model assessment. Each construct was evaluated for reliability and convergent validity. Additionally, as recommended by Sarstedt et al. (2024) the higher-order constructs were tested for discriminant validity against lower-order constructs.

Table 7. Discriminant validity - cross loadings.

	CM	DA	DE	EM	IM	MD	MS	PA	SEO	SG	SMM
CM.1	0.880	0.146	0.480	-0.039	0.381	0.334	0.306	0.260	0.603	0.293	0.555
CM.4	0.847	0.140	0.622	-0.298	0.533	0.322	0.356	0.430	0.731	0.408	0.679
CM.6	0.745	0.128	0.354	0.005	0.215	0.232	0.240	0.196	0.382	0.249	0.443
DA.1	-0.035	0.591	-0.036	0.387	-0.028	0.048	0.028	0.068	-0.043	-0.001	-0.098
DA.3	-0.067	0.662	-0.037	0.430	-0.057	0.063	0.028	0.060	-0.073	0.015	-0.074
DA.5	-0.019	0.754	0.019	0.423	-0.011	0.096	0.055	0.099	0.009	0.063	-0.056
DA.6	0.000	0.677	0.016	0.312	0.064	0.031	0.029	0.193	-0.014	0.056	0.022
DA.7	0.296	0.816	0.262	-0.004	0.373	0.136	0.147	0.355	0.287	0.172	0.275
DE.1	0.379	0.089	0.840	-0.153	0.294	0.611	0.663	0.247	0.554	0.906	0.324
DE.2	0.352	0.140	0.875	-0.102	0.307	0.687	0.735	0.243	0.603	0.938	0.321
DE.4	0.694	0.154	0.743	-0.254	0.517	0.391	0.407	0.403	0.866	0.435	0.592
DE.5	0.702	0.166	0.734	-0.245	0.517	0.414	0.416	0.411	0.869	0.434	0.617
EM.1	-0.160	0.248	-0.208	0.920	-0.352	-0.001	-0.071	-0.257	-0.243	-0.117	-0.244
EM.7	-0.131	0.259	-0.186	0.927	-0.313	-0.028	-0.065	-0.217	-0.204	-0.124	-0.176
IM.3	0.430	0.270	0.409	-0.159	0.850	0.284	0.351	0.531	0.464	0.292	0.457
IM.4	0.366	0.165	0.358	-0.388	0.884	0.155	0.260	0.650	0.401	0.246	0.484
IM.5	0.405	0.185	0.410	-0.278	0.863	0.212	0.272	0.676	0.453	0.284	0.435
IM.6	0.429	0.173	0.422	-0.413	0.903	0.207	0.267	0.738	0.476	0.275	0.509
IM.7	0.448	0.193	0.454	-0.372	0.871	0.210	0.263	0.741	0.504	0.319	0.475
MD.1	0.351	0.111	0.648	-0.033	0.220	0.939	0.738	0.164	0.574	0.681	0.247
MD.2	0.331	0.139	0.636	0.003	0.249	0.937	0.733	0.183	0.576	0.687	0.302
MS.1	0.328	0.079	0.643	-0.076	0.311	0.696	0.920	0.194	0.557	0.690	0.322
MS.2	0.356	0.142	0.695	-0.060	0.292	0.748	0.921	0.197	0.569	0.728	0.320
PA.1	0.418	0.195	0.393	-0.322	0.793	0.186	0.220	0.943	0.444	0.263	0.459
PA.3	0.032	0.379	0.108	0.068	0.209	0.070	0.063	0.532	0.089	0.125	0.064
SEO.1	0.294	0.118	0.599	-0.074	0.219	0.719	0.677	0.169	0.644	0.666	0.242
SEO.2	0.632	0.079	0.679	-0.269	0.521	0.364	0.417	0.410	0.846	0.447	0.606
SEO.3	0.694	0.154	0.743	-0.254	0.517	0.391	0.407	0.403	0.866	0.435	0.592
SEO.4	0.702	0.166	0.734	-0.245	0.517	0.414	0.416	0.411	0.869	0.434	0.617
SEO.6	0.704	0.148	0.653	-0.192	0.452	0.376	0.363	0.358	0.833	0.405	0.568
SG.1	0.379	0.089	0.840	-0.153	0.294	0.611	0.663	0.247	0.554	0.906	0.324
SG.2	0.352	0.140	0.875	-0.102	0.307	0.687	0.735	0.243	0.603	0.938	0.321
SG.3	0.369	0.151	0.811	-0.112	0.309	0.728	0.746	0.265	0.603	0.943	0.312
SMM.1	0.692	0.139	0.530	-0.227	0.539	0.292	0.349	0.420	0.620	0.343	1.000

SEO: search engine optimization; CM: content marketing; SMM: social media marketing; EM: email marketing; IM: influencer marketing; PA: paid advertising; DA: data analysis; SG: sales growth; MS: market share; MD: market development; DE: dynamic environment. In Table 7: Discriminant Validity: Cross Loadings; the shaded values likely represent the highest factor loadings for each item on its respective construct, demonstrating the item's strongest association with the intended latent variable. The shaded values highlight the strongest association between each observed variable (e.g., CM.1, DA.1) and the corresponding latent construct (e.g., CM, DA, DE). This indicates that the item (e.g., CM.1) loads most heavily on its intended factor or construct (CM), affirming that the item is a valid indicator of the construct it is supposed to measure. CM.1 has a shaded value of 0.880 under the CM column, which is its highest loading. This confirms that CM.1 is most strongly associated with the CM construct, which it is supposed to measure. Discriminant validity ensures that items should load higher on their own construct than on others. The shaded values are used to easily identify the primary construct for each item. For each row, if the shaded value (the highest factor loading) is much larger than the cross-loadings on other constructs, it confirms good discriminant validity. DE.1 loads most heavily on DE (0.840) (shaded), but it has smaller loadings on other constructs like CM (0.379) and SG (0.906). Even though the loading on SG is quite high, the loading on DE is still the highest, maintaining discriminant validity. Items should have significantly lower loadings on other constructs (cross-loadings) to confirm that they measure only one distinct construct. The shaded values show the primary construct each item relates to, while lower values in other columns show the item's weaker association with other constructs. DA.7 has a shaded value of 0.816 on the DA column and much lower loadings on other constructs (e.g., 0.296 on CM, 0.262 on DE). This indicates that DA.7 primarily measures digital analytics, not the other constructs. The shaded values in Table 7 emphasize the highest factor loading for each item on its intended construct, confirming that the item is a strong indicator of that specific construct. These values are important for assessing discriminant validity, as they should be much higher than the cross-loadings on other constructs to ensure that the items measure distinct latent variables effectively.

Table 8. Discriminant validity – HTMT.

	CM	DA	DE	EM	IM	MD	MS	PA	SEO	SG	SMM
CM											
DA	0.178										
DE	0.803	0.164									
EM	0.177	0.499	0.284								
IM	0.536	0.190	0.579	0.422							
MD	0.439	0.117	0.774	0.029	0.274						
MS	0.458	0.092	0.839	0.090	0.371	0.931					
PA	0.534	0.626	0.622	0.459	1.118	0.294	0.333				
SEO	0.868	0.198	1.050	0.297	0.602	0.635	0.657	0.615			
SG	0.456	0.105	0.968	0.151	0.351	0.815	0.884	0.431	0.648		
SMM	0.770	0.152	0.634	0.250	0.562	0.315	0.385	0.558	0.685	0.358	
DE x DA	0.064	0.060	0.076	0.122	0.089	0.025	0.062	0.129	0.096	0.019	0.102

SEO: search engine optimization; CM: content marketing; SMM: social media marketing; EM: email marketing; IM: influencer marketing; PA: paid advertising; DA: data analysis; SG: sales growth; MS: market share; MD: market development; DE: dynamic environment. Table 8 meets the criteria of discriminant validity as for measures of different concepts are distinct or not correlate too highly.

Table 9 the results demonstrated that both reliability and validity for the higher-order constructs were established. For all constructs, reliability was confirmed with values greater than 0.70, and convergent validity was confirmed with an AVE greater than 0.50, as shown in the Table 9 (Sarstedt et al., 2024).

In Table 10 discriminant validity between higher-order and lower-order constructs was assessed. The results using (Fornell & Larcker, 1981) indicate AVE's was greater than 0.5 criterion indicating that the square root of the AVE for each construct was higher than its correlation with all other constructs (Hair et al., 2019).

Table 11 shows discriminant validity (Fornell & Larcker, 1981).

Table 12 shows the hypothesis of the study.

5.1.2.1. Hypotheses testing

H₁: There is a significant impact digital marketing strategies and SMEs performance. The results revealed that that digital marketing strategies have significant effect with SMEs performance ($B = -0.180, t = 3.847, p = 0.000$).

H₂: The moderation effects between dynamic environment and SMEs performance were not supported; the model reveals that ($B = -0.076, t = 3.169, p = 0.002$).

Figure 2 shows low-order (LOC) construct model.

5.1.3. Structural modeling—path analysis

Moving forward, the next critical step involves conducting the structural model or path analysis, which is essential for identifying and establishing the causal relationships among the research constructs. This analysis is pivotal as it elucidates how digital marketing strategies influence other constructs such as sales growth, market share and market development. According to the empirical findings, the study reveals that digital marketing strategies have a positive and significant effect on SG, MS, and MD. This is evidenced by the regression coefficients (Beta, β) and their corresponding significant values (T-values > 1.96 or p -values < 0.05), as detailed in Table 12. Moreover, the structural model indicates that there are no moderation effects on the relationship between digital marketing strategies and SMEs' performance in the context of digital marketing usage among SMEs in Tanzania, a developing country. This insight is further elaborated in Table 12 and Figure 2, providing a comprehensive understanding of the direct effects and absence of moderation in the examined relationships. This structural analysis is crucial for advancing understanding in the field, particularly in how digital marketing strategies contribute to enhancing SMEs' performance and market outcomes in the Tanzanian context.

Figure 3 shows the structural model of the study.

Table 9. Higher order construct reliability and convergent validity.

	Cronbach's alpha	Composite reliability (rho_c)	Average variance extracted (AVE)
Digital marketing strategies	0.717	0.810	0.579
SMEs performance	0.905	0.940	0.839

Table 10. Fornell and Larcker (1981) criterion – higher order discriminant validity.

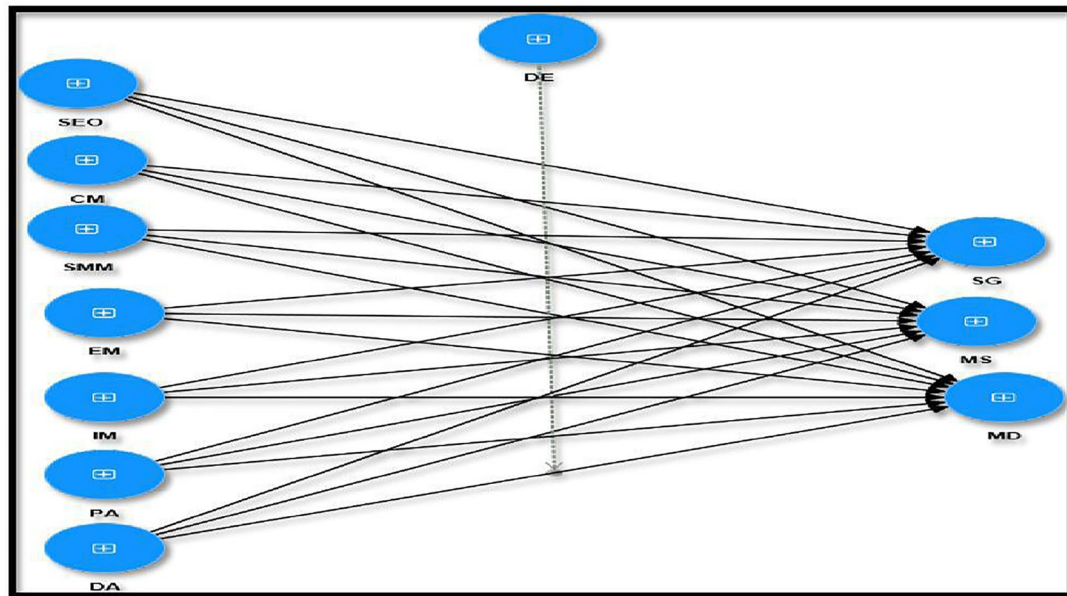
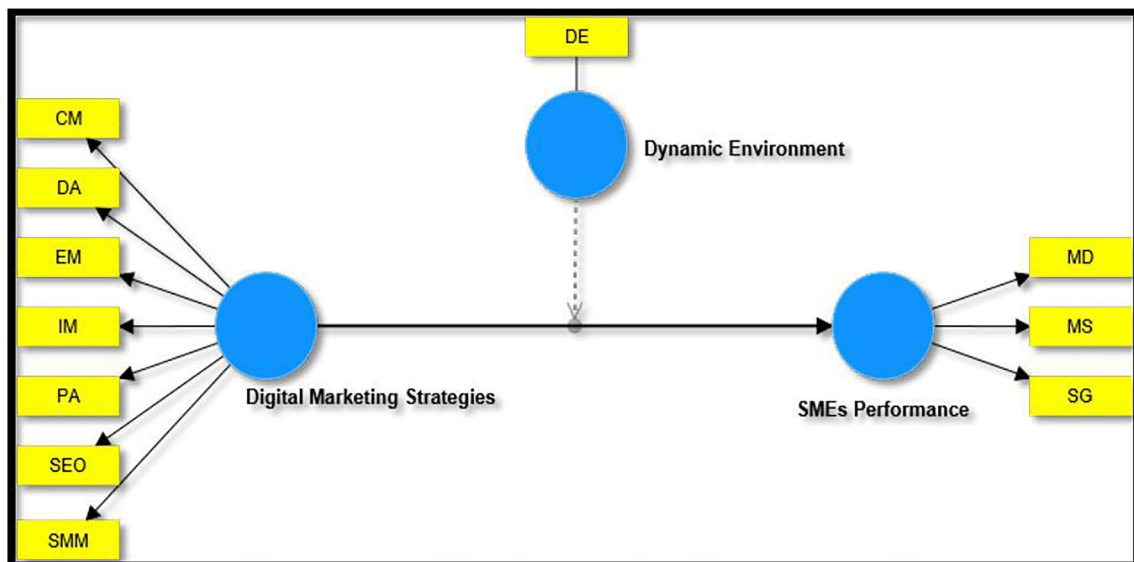
	Digital Marketing Strategies	Dynamic Environment	SMEs Performance
Digital marketing strategies	0.692		
Dynamic environment	0.759	1.000	
SMEs performance	0.555	0.856	0.916

Table 11. HTMT-higher order discriminant validity.

	Digital Marketing Strategies	Dynamic Environment	SMEs Performance	Dynamic Environment x Digital Marketing Strategies
Digital Marketing Strategies				
Dynamic Environment	0.741			
SMEs Performance	0.542	0.885		
Dynamic Environment x Digital Marketing Strategies	0.545	0.429	0.266	

Table 12. Total effects.

	Original sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	p values
H₁: Digital marketing strategies -> SMEs performance	-0.180	0.047	3.847	0.000
Dynamic environment -> SMEs performance	1.031	0.034	30.013	0.000
H₂: Dynamic Environment x Digital marketing strategies -> SMEs performance	-0.076	0.024	3.169	0.002

**Figure 2.** Low-order (LOC) constructs model**Figure 3.** Structural model

6. Discussion

The research findings indicate that digital marketing strategies represent a beneficial tool for enhancing the marketing performance of small and medium enterprises. Specifically, it is hypothesized (H_1) that various digital marketing strategies, including search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, paid advertising, and data analysis, significantly predict SMEs' performance. This relationship aligns with previous studies (Algumzi, 2022; Mutanu, 2017; Zahara et al., 2023) which underscore the substantial influence of digital marketing strategies on SMEs performance by fostering sales growth, market share, and market development methods in the current era by establishing meaningful customer relationships, enhancing brand expression, promoting consumer participation, and fostering co-creative experiences (Amoah & Jibril, 2021). Additionally, while hypothesis (H_2) posited that the dynamic environment moderates the relationship between digital marketing strategies and SMEs' performance, the review found no significant moderation effect, consistent with Wahab (Wahab2016). Despite challenges such as limited resources, digital literacy deficits, and evolving consumer behaviors, the adoption of digital marketing in Tanzania offers substantial advantages. SMEs are encouraged to explore diverse digital channels, including social media platforms, SEO techniques, email marketing, and content strategies, to expand their audience and optimize outcomes. Continuous monitoring and data-driven analysis are emphasized to refine strategies and maximize marketing efforts effectively. In conclusion, the study underscores the transformative impact of digital marketing on enhancing SMEs' performance in Tanzania. By overcoming obstacles and implementing recommended strategies, SMEs can harness digital marketing as a pivotal tool for expansion and success in the local business landscape.

7. Research implication and conclusion

7.1. Conclusion

The current study focused on the relationship between digital marketing strategies and the performance of small and medium enterprises in Tanzania, aiming to evaluate how effectively integrating digital marketing strategies can enhance SMEs performance in the region. The research also highlighted the potential benefits for SMEs in Sub-Saharan Africa, especially in Tanzania, from using digital marketing as a tool for marketing. The findings suggest that fully implementing digital marketing strategies allows SMEs to compete more effectively with larger companies in marketing their products and services, thereby increasing their competitive advantage. The study used a quantitative research approach, employing a structured questionnaire to gather data from SMEs and service owners in Mbeya City, Tanzania. A probability sampling technique, specifically multi-stage cluster/Proportionate sampling technique, was used to select respondents. A total of 335 valid responses were rigorously analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) version 4.

7.2. Theoretical relevance

Although the study has a limited scope, its findings are highly valuable. Given the scarcity of research on using digital marketing to enhance SME performance in the study area, this study fills a significant gap in the literature, particularly in underdeveloped countries like Tanzania. The findings provide new insights and valuable contributions to the implementation of digital marketing strategies. Other scholars and researchers are encouraged to conduct further studies to reexamine the reliability and validity of the research constructs and the research model in different developing country contexts. Additionally, the empirical findings suggest that SMEs can benefit from increased financial stability, attracting more customers, expanding business relationships, and increasing market share through the use of digital marketing strategies.

7.3. Practical relevance

Managers and owners of small and medium enterprises can gain valuable insights from the current study on the use of digital marketing strategies to drive growth and realize their benefits. The study provides a clear framework for SMEs to effectively and efficiently market their products and services

using these strategies. Practitioners will find the research constructs such as search engine optimization, content marketing, social media marketing, email marketing, influencer marketing, paid advertising, and data analysis particularly useful for their marketing and communication efforts. Additionally, the findings will assist industry players and practitioners in making strategic decisions, applying these insights to achieve their goals, and understanding the importance of digital marketing.

7.4. Limitations and future directions

However, this study focuses only on small and medium enterprises in Tanzania, so the findings may not be applicable to other developing countries. Additionally, the study utilized only quantitative research methods. Including qualitative methods, such as conducting interviews with SMEs managers and owners, could enhance the results and provide deeper insights.

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SMART PLS 4

This article used SMART PLS 4 to analyze data and the tool has a Copyright.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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Hellena Mohamedy Mushi is a Tanzanian Senior Lecturer in Marketing at Mzumbe University. She holds a post-doctoral in Investments from COMSAT University Pakistan in 2023. She holds also a PhD in Marketing with a focus on Consumer Behavior and Market Analysis from Universiti Utara Malaysia (UUM), completed in 2017. Her doctoral research explored factors influencing consumer behavior in purchasing pirated music CDs in Tanzania. With research interests spanning marketing theory, consumer behavior, quantitative impact assessment, and market-based research, Dr. Mushi has published extensively in both local and international journals. She has held various academic and managerial roles at Mzumbe University, showcasing a rich blend of teaching, research, and community engagement experience. As of January 2023, Dr. Mushi serves as the Head of the Department of Research, Consultancy, Short Courses, and Outreach Activities at Mzumbe University Mbeya Campus College. She excels in teaching a range of business and marketing courses and actively supervises Master's students in their research endeavors. Fluent in English and Kiswahili, Dr. Mushi remains dedicated to advancing marketing knowledge and contributing to Tanzania's higher education landscape. Her certifications and extensive research portfolio underscore her commitment and expertise in the academic sphere.

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Data availability statement

Data available on request from the author Hellena Mohamedy Mushi

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