

**IMPACT OF SOCIAL MEDIA MARKETING ON THE FINANCIAL PERFORMANCE OF SMES IN THE
RETAIL INDUSTRY IN NIGERIA**

Research dissertation presented in partial fulfilment of the requirements
for the degree of

MSc in Accounting and Finance Management

Griffith College Dublin

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06-09-2024

I certify that the dissertation entitled ***Impact of Social Media Marketing on the Financial Performance of SMEs in the Retail Industry in Nigeria*** submitted for the degree of: **MSc in Accounting and Finance Management** is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

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Dedication

This research is dedicated to my family and friends who have supported me throughout the time I have been working on this research. This belief has given the strength and determination, hence helping me overcome all the struggles encountered when conducting the research. A special appreciation goes to my mentors and colleagues who offered their ideas and wisdom to this work greatly. This dedication is also for all the small and medium enterprise owners across the Nation, especially Nigeria, whose tenacity and creativity motivated this research. May this research help them grow further and be more successful in their chosen career paths.

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Abstract

This research investigates the impact of social media marketing on the financial performance of Small and Medium Enterprises (SMEs) in Lagos, Nigeria. In an increasingly digital world, SMEs must adapt to new marketing strategies to remain competitive. Social media platforms such as Facebook, Instagram, and Twitter offer cost-effective means for these businesses to increase their reach, engage customers, and ultimately improve financial outcomes. The study aims to identify how social media marketing enhances sales, customer base growth, and profitability for SMEs, as well as the challenges these businesses face in leveraging these platforms.

A mixed-methods approach was employed, with data gathered from 23 SME owners in Lagos via structured questionnaires distributed through Google Forms. SPSS was used for quantitative analysis, focusing on descriptive statistics and financial performance indicators, while qualitative data was analyzed thematically to understand the challenges and opportunities faced by SMEs. The study draws on theories such as the Resource-Based View (RBV) by Barney (1991), emphasizing that digital marketing capabilities are valuable, rare, and provide SMEs with a competitive edge.

The results indicate that 73.9% of respondents found that social media marketing "Extremely" improved their business's financial performance. Key social media platforms—Facebook, Instagram, and Twitter—were used by 95.7% of the SMEs surveyed, with 60.9% reporting "Extremely" positive impacts on sales revenue and 78.3% experiencing increased profitability. Despite these successes, challenges such as lack of technical skills (87%) and high advertising costs (91.3%) were significant barriers.

The study recommends that SMEs invest in digital skills training and leverage advanced analytical tools to measure the return on investment from social media campaigns. Additionally, government policies should provide financial support and training programs to reduce advertising costs and improve digital infrastructure for SMEs. Future research should explore emerging platforms like TikTok and conduct longitudinal studies to capture the long-term impact of social media marketing on SME performance. This research contributes to a growing body of literature on digital marketing and provides practical insights for SMEs seeking sustained growth in a competitive market.

Keywords: *Social media marketing, SMEs, Lagos, Nigeria, financial performance, sales revenue, customer engagement, profitability, Resource-Based View (RBV), digital marketing, Facebook, Instagram, Twitter, TikTok, government policies, digital skills, competitive advantage, longitudinal research, emerging platforms.*

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1 Chapter 1: INTRODUCTION

1.1 Background to the Study

Small and Medium Enterprises (SMEs) are the backbone of many economies worldwide, playing a crucial role in economic growth and development. In Nigeria, SMEs contribute significantly to GDP and employment. According to the Soyemi et al. (2022), SMEs account for 48% of the national GDP, 96% of businesses, and 84% of employment. This considerable input confirms that SMEs have a huge potential in maintaining and enhancing the local economy. Internationally, SMEs significance is supported also by the World Bank; SMEs account for approximately 90% of the business and over 50% of employment at the global level. They are regarded as key in the economy since such establishments introduce fresh and competing technologies to the market. Besides, SMEs play an important role in promoting the inclusive economic growth and offering employment and eradicating poverty especially in the developing country such as Nigeria. According to the IFC, SMEs in developing countries bear up to 60% of overall employment while contributing up to 40% of the national GDP. These figures explain the indispensability of SMEs to economic development, as well as the crying need for policies and strategies that will encourage the growth of SMEs and stability in the economy.

However, the SMEs in Nigeria encounter various challenges that hamper their growth and development. Another core issue is the millennium development goal number five on improving access to monetary resources. According to the World Bank Enterprise Surveys, almost half of the Nigerian SMEs pointed to the issue of access to finance as the major hurdle that hampers the possibility to expand operations, to develop new businesses, to invest in new technologies, and to increase the level of productivity. Lenders also add interest rates to the credit and ask for a lot of collateral, which also makes the situation worse among the financial institutions. However, SMEs have structural deficiency in infrastructure such as; power breakdowns, weak transportation channels put a lot of pressure on SMEs considering the fact that they render high operating costs. The Manufacturers Association of Nigeria (MAN) estimates that availability of power costs about 30% and this has a devastating toll on SMEs because of the contribution of electricity costs. Regulation also forms some of the major constraints that the companies have to work with to achieve their goals. Legal systems and formal institutions such as regulatory agencies, corruption, and bureaucracy act as barriers to compliance to legal demands and accessibility of government assistance for SMEs due to the absence of simplified guidelines. According to the Enyioko (2022), Nigeria ranks poorly in terms of regulatory efficiency, with many SMEs struggling to navigate the regulatory environment effectively. However, these analyses reveal other constraints on the growth of SMEs in those countries, such as inadequate access to skills, and to markets. SMEs many a time do not have sufficient managers with the experience or skills to come up with new ideas and ways of increasing efficiency. According to the National Bureau of Statistics, more than 60 percent of the SMEs in Nigeria are not equipped and capable enough to compete in national and global markets. These points of weakness, reduction in the size of markets available to these enterprises, and lack of skilled human resource limit the development of these enterprises.

In the digital age, social media marketing has emerged as a powerful tool for business growth, particularly for SMEs. Social media platforms such as Facebook, Instagram, and Twitter offer cost-effective marketing channels that allow SMEs to reach a large audience with relatively low investment. In Nigeria alone, through the statistic done by Hootsuite, it revealed that there are more than 33 million active users on the social media, which portray the large market that the SMEs should embrace. Using social media marketing, SMEs can pursue specific objectives such as increasing brand awareness, promoting

engagement with the clients and increasing sales. For instance, a survey of the Nigerian Communications Commission (NCC) finds that organizations that utilized social media for marketing saw their sales grow by 20% within the first six months. Moreover, the social media marketing offers SMEs the client satisfaction information, thus helping companies analyze the client's satisfaction to better serve the clients. Due to this direct line of communication with the customers, SME's get to enjoy a proper customer relations and customer loyalty. Moreover, social media has another level of targeting that helps smes to target certain groups or segments of the population and the market. Thus, it makes the marketing campaigns more efficient and guarantees that the marketing message will be delivered directly to the appropriate group. The low cost of social media marketing is a plus for SMEs as they can take advantage and start marketing through social media site even if they have a small budget allocated for marketing. Statista has reported and in its report on the global outlook of the advertising expenditure reveals that the SME's digital marketing budget is expected to expand at a growth rate of 25% every year and this proves the fact that businesses are increasingly moving to the digital platform for growth. The efficiency of the measurable indicators that used to determine campaign performance and the possibility of a real-time analysis of social media data merely adds to the attractiveness of social media marketing for SMEs. Thus, keeping track of engagement rates, click through rates, and even conversion rates, SMEs are always in a position to adjust their marketing efforts and improve them incrementally. Besides increasing the return on investment, the usage of the outlined data analysis approaches helps SMEs gain a competitive advantage in the marketplace. In summary, social media marketing plays a pivotal role in the growth and development of SMEs by providing cost-effective marketing solutions, enhancing customer engagement, and offering valuable insights for business optimization.

1.2 Statement of the Problem

According to statistics, 80% of small and medium-sized enterprises (SMEs) in Nigeria fail within the first five years of operation, which is an alarmingly high failure rate. This stark reality is attributed to several pervasive challenges, including limited access to finance, inadequate infrastructure, and a challenging regulatory environment. In a survey conducted by the Nigerian Bureau of Statistics (NBS) in 2021, it was established that half of the SMEs complained of inadequate access to finance as a factor that makes it hard for them to fund their business and grow. Moreover, the constant power outages, and poor infrastructure regarding the transportation costs increase operation costs hence profits and competitiveness are low. According to Manufacturers Association of Nigeria (MAN), the major factor is the power supply that rises production cost by about 30% a situation that greatly crippled the financial status of SMEs. In addition, issues of regulations and bureaucratic red-tapism are enormous with the Nigeria ranked 131 out of 190 in the World Bank's Ease of doing business index. Altogether, the above-discussed challenges cause a high rate of failure among SMEs, demonstrating the exigent necessity for the enhancement of sustainability and development of strategies to support these companies.

Amid these challenges, the use of social media marketing can be identified as a viable way to improve the financial performance of SMEs in Nigeria. Marketing on the platforms provides one with a cheaper method of reaching out to a lot of people in a short span of time that boosts the brand image, customer relations, and sales. The active social media users according to Hootsuite are over 33 million in Nigeria, thus making available market for the SMEs to market their products. From research it has been realized that companies that engage in social media marketing see significant enhancements in the results. For example, an investigation carried out by the Nigerian Communications Commission (NCC) indicated that firms that had adopted social media goal for marketing felt a 20 per cent improvement in sales volume within the first six months of the strategy. On the same note, social media marketing enables SMEs to glean

vital information about consumers and their needs, which assists the firm in committing to satisfying the demands of the market. However, despite the various benefits highlighted earlier, literature review reveals there is a research gap concerning the effect of SMM on the financial performance of the Nigerian SMEs. While several studies have explored the general advantages of social media marketing, comprehensive research focusing on its direct correlation with financial metrics such as revenue growth, profitability, and market expansion for Nigerian SMEs remains limited. This gap highlights the need for targeted research to provide empirical evidence and strategic insights, thereby enabling SMEs to effectively harness the power of social media for sustainable financial growth.

1.3 Research Questions

Following the statement of the problem stated above the following questions were raised:

- i. To what extent does the use of social media marketing (Facebook, Instagram, Twitter Adverts) assist SMEs in the retail industry in Nigeria in generating sales
- ii. How effective is social media marketing in creating product awareness for SMEs in Nigeria?
- iii. What impact does social media marketing have on the profitability of retail SMEs in Nigeria?
- iv. What are the perceived benefits and challenges faced by Nigerian SMEs in implementing social media marketing strategies?

1.4 Study's Objectives

1. To evaluate the extent to which social media marketing (Facebook, Instagram, and Twitter) contributes to sales generation for SMEs in the retail industry in Nigeria.
2. To assess the effectiveness of social media marketing in creating product awareness among Nigerian SMEs.
3. To analyze the impact of social media marketing on the profitability of retail SMEs in Nigeria.
4. To identify the benefits and challenges experienced by Nigerian SMEs in implementing social media marketing strategies.

1.5 Research Hypotheses

This study will make use of the following null hypothesis:

1. H01: Social media marketing specifically facebook, instagram and twitter has minimal impact on sales for SMEs in the retail sector in Nigeria.
2. H02: Social media marketing is not effective in creating awareness on available products for Nigerian SMEs.
3. H03: conducts a number of analyses to find out that social marketing communication does not affect the profitability of retail SMEs in Nigeria.
4. H04: The benefits as well as the impacts experienced by Nigerian SMEs in the adoption of social media marketing strategies are insignificant.

1.6 Significance of the Study

Social media marketing (SMM) provides SMEs with strategic insights that can significantly enhance their marketing efforts and overall business performance. The flexibility and cost-effectiveness of social media platforms are particularly advantageous for SMEs, allowing them to reach large audiences

without substantial financial investment. Pentina and Koh (2015) revealed that content marketing and customer engagement activities as well as promotional campaigns can positively affect the level of brand awareness as well as customer loyalty. For example, the small business firms that have a direct customer interface using the platforms such as Facebook and Instagram, can develop more customer-centric marketing communications that result in improved customer satisfaction and loyalty. This is backed up by statistics identifying that up to 75% of the UK SMEs use social media to advertise their business and many of them have recorded improved customer relations and sales (Statista, 2020). Furthermore, SMEs using SMAs also get to know the consumer trends of what they are marketing, thus customizing their marketing strategies more conveniently. Metrics including engagement rates, click through rates, conversion rates and the like allow the SME to constantly improve the marketing strategies in use.

The digital marketing efforts of SMEs can significantly be influenced by the policymakers as they come up with an environment that fosters the implementation of the intervention. Thus, it is crucial to create strategies for the further development of SMEs and their competition that include regular promotion of tools for digital competence and equal access to digital tools. Pellegrino and Abe (2023) conducted a bibliometric review that called for the investigation of government interventions to enhance the use of SMM for marketing by SMEs. For instance, policies that also offer training in digital skills for example how to market one's business on social media platforms can assist SME owners and managers gain better performance. In addition, the grants, subsidies, or promotional funding concerned with the expenses for digital marketing should help reduce the financial pressure on SMEs and ensure that they shift to the contemporary methods of marketing. In Uganda, a study showed that the government support boosted the digital marketing initiatives that enhanced the commercial performance of SMEs; reflecting in the sales and customer interaction (Ntirampeba et al., 2022). Policymakers should also focus on creating a regulatory framework that simplifies the process of digital marketing adoption for SMEs, ensuring that they can navigate the digital landscape with ease and compliance. By fostering a supportive policy environment, governments can enhance the competitiveness of SMEs and contribute to broader economic development goals.

This study contributes to the growing body of academic literature on the impact of social media marketing on SME performance by providing empirical evidence and theoretical insights. While most organisations have moved their operations to the social media platform, there is still lack of exhaustive empirical research that synthesizes the existing literature on SMM and SME performance especially in Nigeria and other developing countries. This research thus fills this gap by identifying how various social media platforms affect various tracks like growth in sales, customer interaction, and profitability. As rightfully noted in the literature review provided by Pellegrino & Abe (2023), research to date has predominantly targeted developed nations: thus, ignoring the specifics of social media marketing in the context of emerging economy nations. This paper presents formidable empirical evidence about the general peculiarities of Nigerian SMEs', and their experience in terms of social media utilization for business growth. Furthermore, the conclusions of the study offer the theoretical framework for the further research in the sphere of digital marketing and can help to outline new areas of investigation to provide a deeper comprehension of the effective social media approaches to SMEs' development. This contribution is essential to the scholars, practitioners, and policymakers interested in achieving the optimal impact of social media marketing on SMEs' and overall economic growth.

In this regard, through the integration of these insights, the study not only offers actionable recommendations for both SMEs and policymakers but also contributes to advancing the understanding of both theoretical and theoretical/conceptual perspectives on social media marketing that underpin future

research initiatives and policy plan in this significant domain. The synthesis of the state of research on SMEs’ social media marketing strategies, overall prevalent issues and major benchmarks for effectively using social media for this purpose will be highly beneficial to all parties interested in fostering SME prosperity and resilience.

1.7 Conceptual Framework

Conceptual Framework

The conceptual framework for this study identifies and illustrates the relationship between the independent and dependent variables, highlighting the hypothesized impact of social media marketing on the financial performance of SMEs in Nigeria.

Variables	Description
<i>Independent Variables</i>	
Facebook Advertising	The extent to which SMEs use Facebook advertisements to promote their products and services.
Instagram Advertising	The degree of engagement and investment in Instagram advertisements by SMEs.
Twitter Advertising	The usage of Twitter as a platform for advertising by SMEs.
<i>Dependent Variables</i>	
Sales Revenue	The total income generated from sales by SMEs as a result of social media marketing.
Customer Base Growth	The increase in the number of customers due to effective social media marketing strategies.
Profitability (Net Profit)	The net income of SMEs after all expenses have been deducted, influenced by social media marketing activities.
<i>Moderating Variables</i>	
Type of Content	The nature of the content (e.g., videos, images, text posts) posted on social media platforms.
Engagement Strategies	The methods used by SMEs to interact with customers (e.g., replies to comments, messages).
<i>Control Variables</i>	
Duration of Business Operation	How long the business has been in operation.
Size of the SME	The number of employees and overall business size.

1.7.1 Research Gaps

There are notable gaps in the existing literature that this study aims to address:

Lack of Longitudinal Studies: Prior studies have mostly concentrated on the short term impacts of SMM on SMEs and many studies therefore look only at the direct repercussions as opposed to the long term gains. For example, works based on the exploratory paradigm such as Egbona and Sambo (2023) present useful information on the early-onset outcomes of the social media marketing construct but fail to

assess subsequent effects. This means that there is a lack of knowledge on how social media strategies affect SMEs performance in the long run. Filling this gap is important in the formulation of strategies that will support SMEs' sustainable growth in Nigeria.

Emerging Social Media Platforms: Many of the studies currently under investigation regard well-defined social networks, excluding recently emerged ones, such as TikTok. For instance, Seres (2023) has researched traditional platforms' effects in great detail but failed to consider emergent platforms' marketing possibilities. This oversight reduces the extent to which this paper is able to explain how SMEs can exploit these new tools to attain competitive advantage. Therefore, this study seeks to meet this research gap and give a broader view of the social media marketing opportunities especially afforded by TikTok for SMEs.

Government Policies and Support Programs: The knowledge gap has been identified as the lack of literature on the contribution of government policies and support programmes on the digital competencies of SMEs. Current literatures describe impediments like lack of digital resources and compatible skills yet fail to identify ways through which governmental policies can minimise them. For instance, Weaver et al. (2023) examine several limitations but the authors do not discuss policy approaches. This research will therefore fill this gap by assessing the level of government support and how it has influenced the utilisation and success of social media marketing among the Nigerian SMEs.

Government Policies and Support Programs: The role of government policies and support programs in enhancing the digital capabilities of SMEs has not been thoroughly investigated. Further research could explore how these policies can address the challenges identified by Nkuda and Okocha (2023), providing a more comprehensive understanding of how SMEs can leverage social media marketing for sustained growth.

1.8 Scope of the Study

The retail industry in Nigeria is a significant sector for Small and Medium Enterprises (SMEs), contributing substantially to the nation's economy. According to the Nigerian Bureau of Statistics, SMEs in the retail sector contribute about 10% to the country's GDP and employ millions of Nigerians, highlighting their importance. Firms within the retail sector in Nigeria encompass numerous sub-sectors like the small-scale retail stores such as roadside or street vendors among others and the large standardized and well-established retail stores. Such enterprises experience some specific factors which include increased competition from other bigger retailers, limited cash availabilities and volatile demand. However, the growing retail business still contributes significantly to the economic needs of the Nigeria's population. The emphasis made on the SMEs in this sector is critical in establishing how these organizations can be of optimum utilization of the social media marketing in improving their profits and maintain their operations in this competitive environment.

This research focuses on how small and medium retail businesses in Nigeria use social media platforms in promoting their companies and enhancing their financial performance. Businesses around the globe and especially the Nigerian SMEs have benefitted from social media as one of the necessities of doing business. Some of the commonly used platforms include Facebook, Instagram, Twitter, and LinkedIn due to the coverage and active user participation. As of early 2024, Facebook had an ad reach of 35.7% of Nigeria's internet users, while Instagram had 12.4 million users (See Figure 1), accounting for 5.5% of the population. Twitter and LinkedIn also play significant roles, with substantial user bases and engagement levels. The study will examine the manner that these platforms are employed by the SMEs in the sectors of marketing, relation with clients, and sales. General indicators like the engagement level, click-through-

rates, and conversion rate will be taken into consideration in the assessment of the social media marketing strategies. Its purpose is to establish the success factors and issues encountered in using these websites to increase the SME's sales and profitability.

Social media users in Nigeria (Per Datareportal's DIGITAL 2023: NIGERIA)

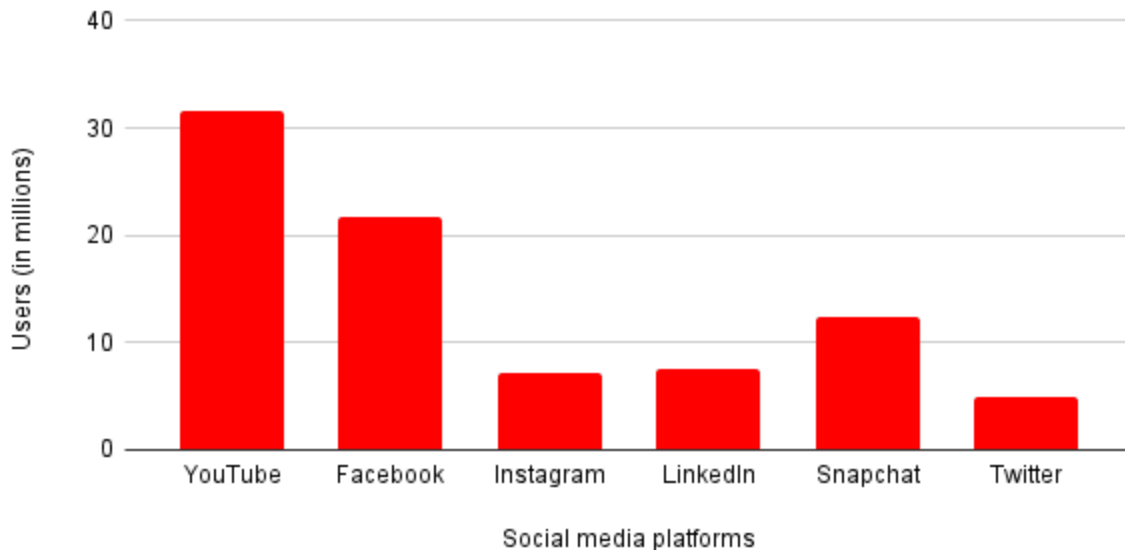


Figure 1 Social Media users in Nigeria (Technext)

The financial performance of SMEs will be assessed using several key indicators, including revenue, profit, and growth metrics. These measures provide a comprehensive view of how social media marketing impacts business performance. Revenue growth shows the level of sales which is because of marketing while profit margins reveal the effectiveness of the marketing process in terms of profits. The market share changes over time and the rates of customer acquisition will also be studied in order to assess the effects of the social media marketing on expansion and sustenance of businesses. Hence by adopting an approach of associating social media data with business performance data the research seeks to create a direct link on marketing and firm performance. From this analysis, it is possible to determine which strategies in the use of SSMS can have a positive impact on financial performance in SMEs in Nigeria's retail industry. The findings obtained can help SMEs to better understand their marketing alternatives and strengthen their standings on the market.

1.9 Structure of the Study

This study is organized into five main chapters.

Chapter One: Introduction: This chapter provides an overview of the study, including the background, statement of the problem, research questions, objectives, hypotheses, significance, and scope of the study.

Chapter Two: Literature Review: This chapter presents a review of literature on the subject matter in terms of the impact of SMEs on economic growth, challenges affecting SMEs in Nigeria

and the relevance of social media marketing. It also describes theories and/ or researches relevant with the subject matter.

Chapter Three: The current chapter discusses the research strategy and design, data collection technique, population and sample size, research instruments, data analysis tools, and plans. The specific study identifies the quantitative method adopted the in econometric analysis of the data.

Chapter Four: Data Analysis and Interpretation: This chapter involves the authors' findings of the outcomes of the data analysis process. It involves the generation of frequency tables, use of inferential statistics, and put into light the answers to research questions and hypotheses.

Chapter Five: Summary, Conclusion, and Recommendations: This chapter gives an overview of major findings and conclusions and makes suggestions to SMEs, policy makers, and researchers. The focus is made on the applicability of the findings of the research ended and the impact on the use of social networks for marketing the companies, including the SMEs.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter lays down a review of the specified literature with regard to the aforesaid idea of social media marketing and small and medium scale enterprises performance in Nigeria. This chapter also covers the theoretical background of this research and other issues pertinent to the present research study. In addition, this chapter presents the existing literature on social media marketing and small and medium scale enterprises performance in Nigeria.

2.2 Review of Concepts

2.2.1 Marketing through Social Media Platforms in Nigeria

2.2.1.1 Evolution from Traditional to Social Media Marketing

Marketing practices in Nigeria have undergone significant transformations, evolving from traditional methods to the widespread adoption of social media marketing. Historically, marketing in Nigeria relied heavily on traditional channels such as print media, radio, television, and outdoor advertising. These methods were helpful in making a large group reach the audience, yet they proved costly and failed to provide interactivity that consumers appreciate in the present world. For example, the Nigerian Bureau of statistics revealed that traditional advertising alone contributed more than 70% of the overall marketing expenses in the year 2001. However, these traditional methods were gradually being replaced with the effects of internet mobile technology spreading in Nigeria. The emergence of a digital marketing in Nigeria has been informed by the following reasons among them being we added in figure 2 below, the increase in internet connectivity and smartphone usage. Information gathered from the Nigerian Communications Commission (NCC) also shows that Nigerians accessed the internet at 50% by 2020 with mobile internet users dominating. This digital change has made way for more opportunities in a business's marketing strategy. The most extensive innovation is entailed by social networks, which changed the representation of reality at large. Currently social sites such as Facebook, Instagram, Twitter, and LinkedIn have received a lot of acclaim and offer new forms of reaching the clients. For instance, Facebook's ad reach in Nigeria

was reported to be 35.7% of the local internet user base in early 2024, demonstrating the platform's extensive reach and potential for targeted advertising (DataReportal, 2024) ([DataReportal – Global Digital Insights](#)).

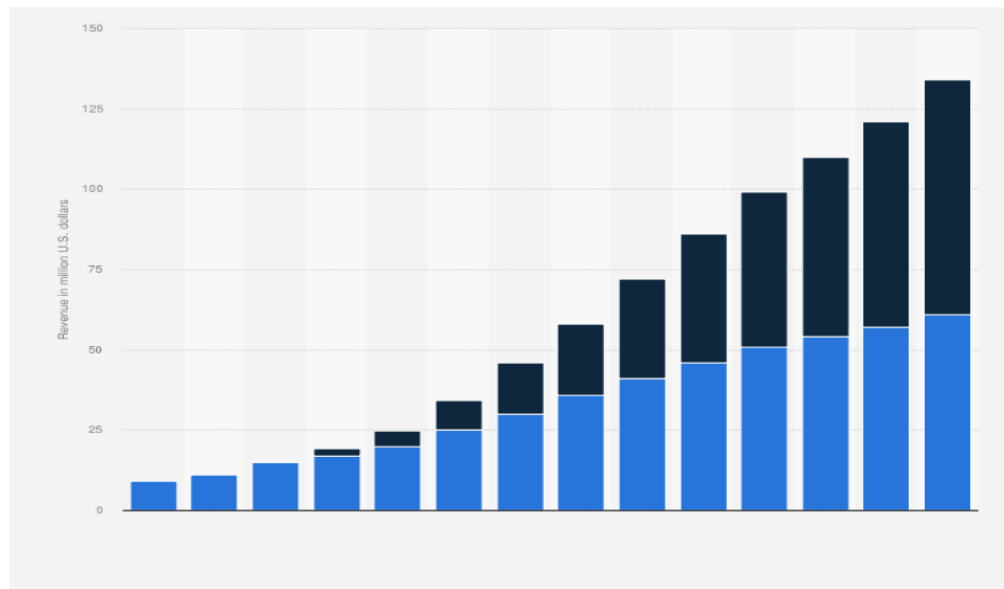


Figure 2: Nigeria online ad revenue by device 2023 (Statista, 2023)

The growth and adoption of social media platforms in Nigeria have been remarkable, reflecting global trends. According to Statcounter, Facebook dominates the social media landscape with a significant market share, followed by Instagram, Twitter, and LinkedIn ([StatCounter Global Stats](#)). Instagram, for instance, had 12.4 million users in Nigeria by early 2024, which accounted for 5.5% of the population ([NapoleonCat](#)). This widespread adoption is not limited to urban areas but also extends to rural regions, driven by increasing smartphone affordability and data accessibility. Businesses, particularly SMEs, have leveraged these platforms to enhance their marketing efforts. A survey by the Nigerian Economic Summit Group (NESG) found that 60% of SMEs actively use social media for marketing, resulting in increased customer engagement and sales. This shift underscores the critical role of social media marketing in the modern business landscape, providing cost-effective, far-reaching, and interactive platforms for businesses to thrive.

2.2.1.2 Impact on Business Operations and Strategies

The impact of social media marketing on business operations and strategies in Nigeria has been profound, significantly enhancing the reach and customer engagement for SMEs. Facebook, Instagram, and Twitter, among other social media platforms, enable business organizations to reach a very large number of people thus the issue of geography. As noted by DataReportal early in 2024, a significant advertising coverage in Nigeria was offered by Facebook, which was at 35%. At the moment, local internet users represent 7% of the total user base; this has offered various business entities the ability to reach out and expand their market to all the potential customers (DataReportal, 2024). Since social media is real time, it enables business to act fast when it comes to responding to inquiries from customers or seeking their feedback, hence making the business and customers relation brows (See figure 3). This is essential for SMEs to increase customer loyalty since engaged customers are more likely to trust a given company.

Research conducted by Benedetti and We are social shows that the number of businesses in Nigeria that used social media for their marketing plans enjoyed a 20% boost on their customers within the first half of their advertising (Benedetti, 2024).

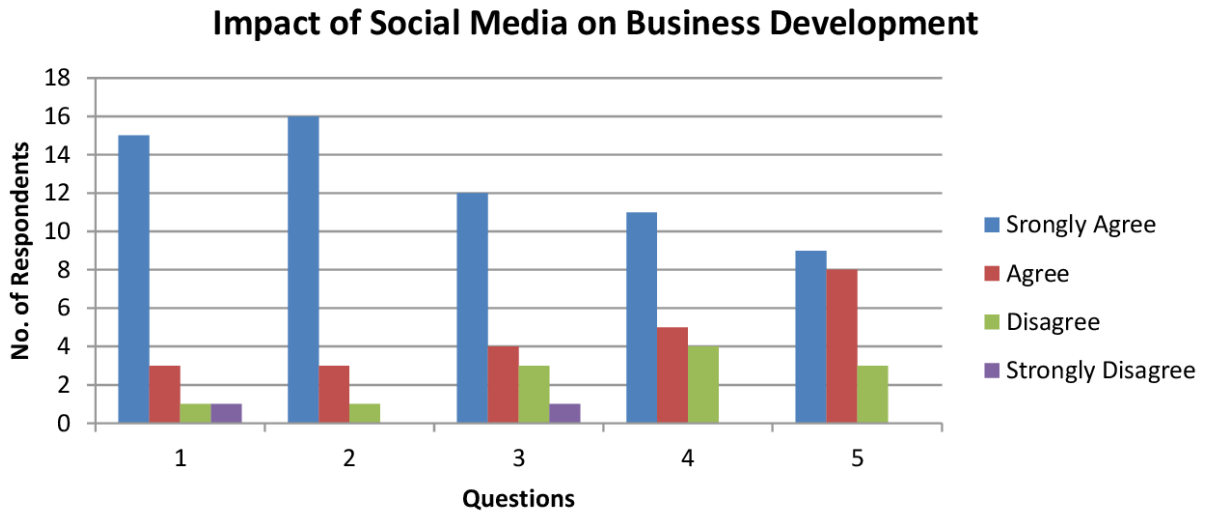


Figure 3: Impact of Social Media on Business Development (Source - [Semantic Scholar](#) (2023))

The cost-effectiveness of social media marketing is another significant advantage for Nigerian SMEs. Service marketing communicating through TV and radio, billboards, and prints are costly to engage for small business marketing. As for social networks, advertising there is significantly cheaper, and targeting opportunities are significantly higher. For instance, Oywaya reported that the budget for digital marketing by SMEs was expected to rise by 25% annually due to gains that resulted from social media advertising as compared to the other chief expenses (Oywaya, 2023). This affordability allows the SMEs to get more value with the limited resources that they have thus enabling the reach out to more people at a lesser cost. Also, the opportunity to track the campaigns' performance and the tools offered by such platforms as Facebook and Instagram in real-time make it possible to state that businesses can tailor their strategies and thus achieve both high results and cost-saving.

Some Nigerian SME have overtime have adopted the use of social media marketing and seen some positive changes in their business. For instance, House of Tara which is among the renowned beauty and makeup brands in Nigeria has been able to use Instagram in displaying their products; interacting with the customers and selling their products. Through the use of pantone color and engaging content in the page's posts, the brand has been able expand the available clientele and frequency on the web. In the same respect, Africa's largest e-commerce firm, Jumia, has employed Facebook and Twitter for placing advertisement that targets the population widely across Nigeria. These campaigns have been used in increasing the sales and the market share of these companies. Another good example is Flutterwave (See figure below), a fintech startup, which leverages of LinkedIn to reach out potential business customers and partners hence improving its B2B marketing. These cases exclusively explain how the Nigeria's SMEs are employing the social media platforms to transform, expand, and to survive in the large competitive environment.

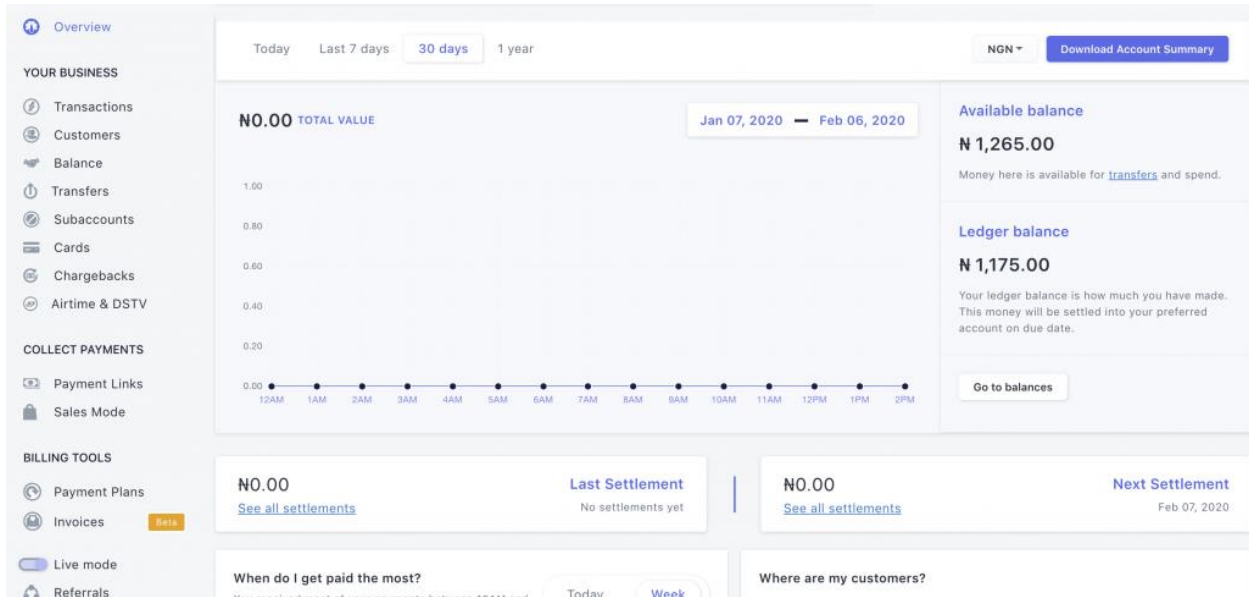


Figure 4: Flutterwave for Business Nigeria ([Flutterwave \(2024\)](#))

2.2.2 Understanding SMEs and Firm Performance

What are SMEs? According to the World Bank, Small and Medium Enterprises (SMEs) are businesses that maintain revenues, assets, or a number of employees below a certain threshold. These thresholds vary between countries and industries. For example, in developing countries, SMEs might be defined as businesses with fewer than 50 employees, while in more developed economies, this limit could be higher. The World Bank's definition emphasizes the role of SMEs in economic development, highlighting that they make up about 90% of businesses worldwide and contribute to more than 50% of employment globally. This underscores their importance in driving economic growth and job creation, especially in emerging markets.

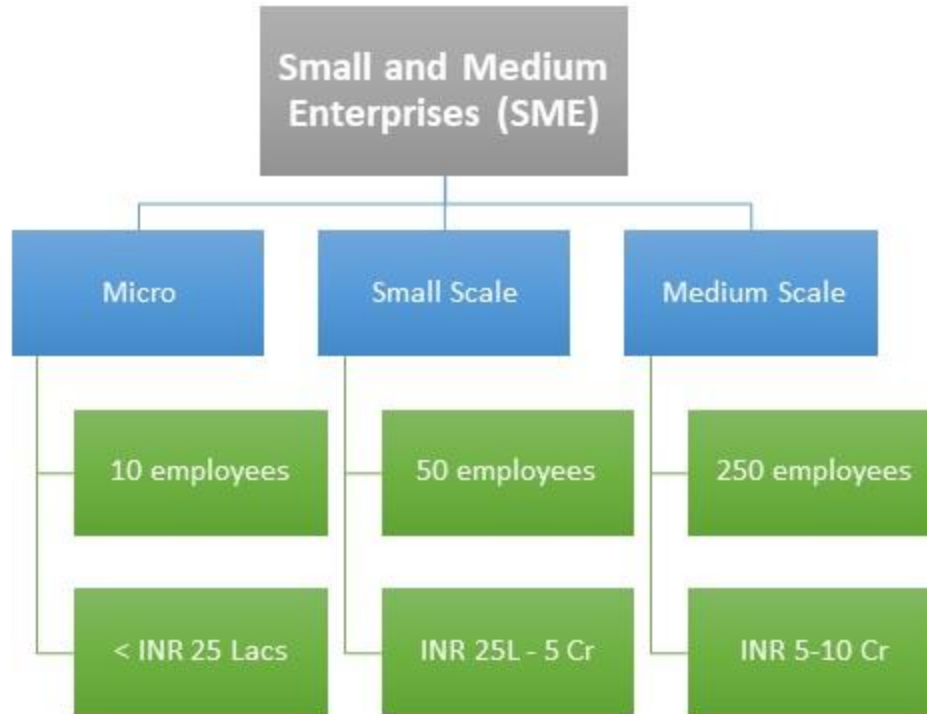


Figure 5: Small and Medium Enterprises (SME) - Meaning [Skool \(2020\)](#)

According to the European Union (EU) classification, SMEs can be described according to the number of staff employed and /or the balance sheet total and/or the turnover figure. According to EU, a SME is defined as an undertaking having not more than 50 employees as well as an annual turnover and balance sheet total of up to € 10 million. To small enterprises they include enterprises having not more than 250 employees and an annual turnover of less than € 50= million or a balance sheet total of less than € 43 million. It is possible since accurate division helps in delivering specific support and dealing with the legislation regarding such firms in the EU in view of their importance in enhancing innovation, competition and stability of the economies of member EU states.

In Nigeria, the definition of SMEs is provided by the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). Nigerian SMEs are youths-owned ventures that employ no more than 200 persons and whose total asset, other than land and buildings, is less than ₦5 million but above ₦500 million. This definition also correlates with economic environment of Nigeria and the primary goals of this company to invest in organizations that make significant positive impacts on the country's GDP and employment rates. From the data obtained from SMEDAN, the SMEs contribute about 47.8% to total GDP and provides employment to about 83.6% of the nation's population, they are therefore very vital in the Nigerian economy.

Firm performance for SMEs is crucial for understanding how well these businesses achieve their goals and sustain growth. KPIs which are common in SMEs are revenue generation, the profitability of sales, ROI and the level of contentedness of the clients. It is crucial to examine organizations' performance based on the fundamental financial data, comprising net profit, gross margin, and cash flow. Other performance variables, such as customer loyalty, satisfaction of the employees and the market share, are also considered to be useful in evaluating the performance of the businesses.

2.2.3 Sales Growth

Indicators of sales growth, such as revenue generation and profitability, are vital for assessing the success and sustainability of SMEs. Sales revenue increases is an indication of a firm's capacity to expand its sales productivity over the years – a clear manifestation of market receptiveness to its products and expansion of its operations more so in the economy where it is based. The margins such as gross and net profit are important in establishing the relevant profitability of the business's operations. Others include market share and customer base whereby these two aspects reveal the degree to which a business is acquiring and maintaining its targeted clients. For example, businesses that are efficient in social media marketing will indicate a big market and a large number of customers hence more sales and profits (Mittal et al. 2023).

As figure 5 shows, previous work has highlighted the link between increase in sales and financial performance. Some of the examples of SMEs that have made it possible to grow through social media can support this relationship. For instance, BenIshenko, a Nigerian company manufacturing House of Tara cosmetics, noted a 25% expansion in sales in the first six months upon adopting the appropriate strategies in the two platforms of Instagram ad Facebook. There is support of this correlation from other parts of the world and from empirical literature. According to the IFC (2023) research, 60% of emerging market SMEs using social media marketing had 20-30% higher revenues. Nigerian research by Adejumo et al., (2024) revealed that firms that applied social media for marketing had a growth rate that was 15% higher than firms that only applied traditional marketing strategies. These cases clearly demonstrate the reliance of SMEs on the growth of sales, and the necessity of implementing new peculiarities of marketing to increase business performance.

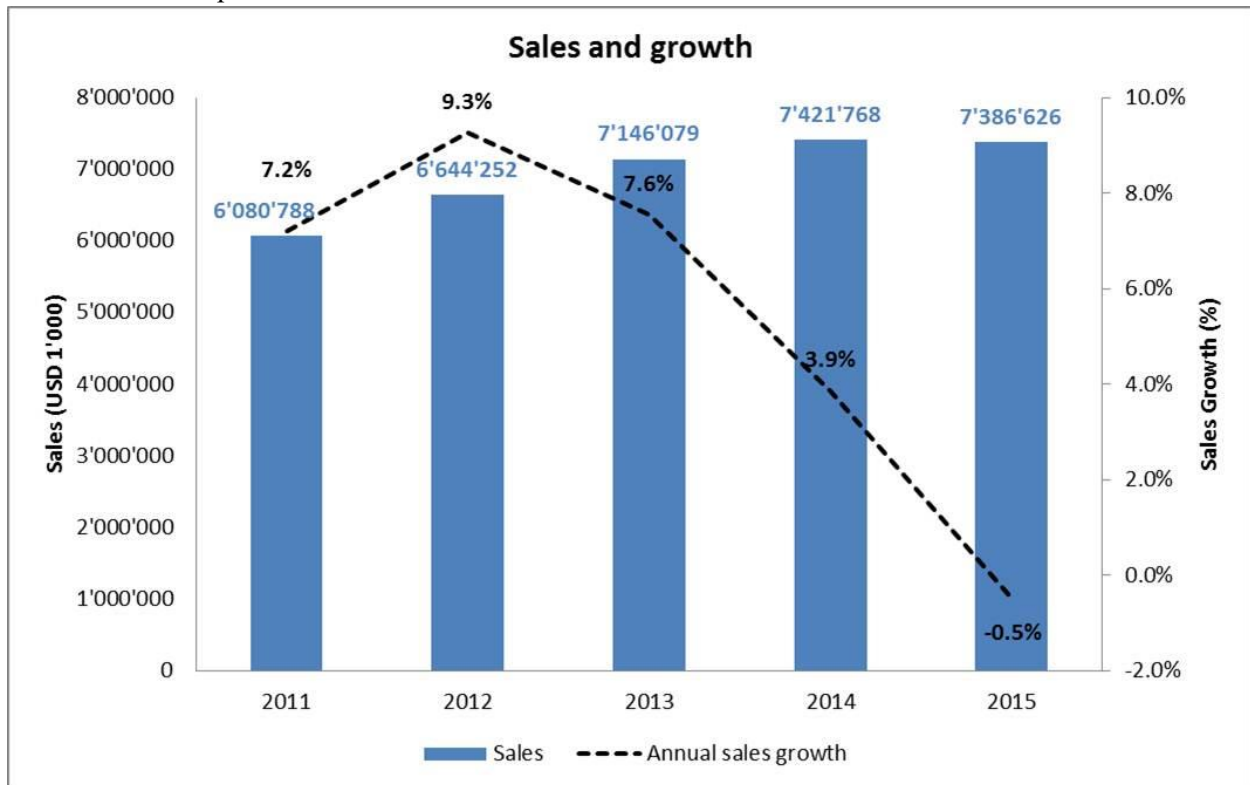


Figure 6: Relationship between sales growth and financial performance (2020)

the role of structural holes, or gaps within a network, which can be strategically bridged by certain nodes to gain a competitive advantage, as discussed in Ronald Burt's 1992 book "Structural Holes: The Social Structure of Competition."

2.3.1.2 Application of the Theory to Social Media Marketing

In the context of social media, the principles of SNT—such as centrality, network density, and structural holes—are applied to identify and engage with key influencers who can amplify marketing messages. These influencers referred to, as node with high centrality have many and strong ties with the network residents and become key avenues for relaying information. For instance, there is the 'Jumia' an online Nigerian company for products and the 'House of Tara' a beauty page for such products; these two companies have actively adopted the social network strategies like identifying some key personalities in the social networks and then worked close with them to expand the coverage. According to Capobianco, outreach relying on informal promoters has the potential of realizing engagement rates higher than those of digital marketing by as much as 1,100 percent (Capobianco, 2023).

Another fundamental concept used in the analysis of social media marketing is the density of a social network; this is the extent to which nodes in a network are connected either directly or indirectly. High-density networks ensure that the information gets to many people within the network within a very short time and there are high chances that the messages got to the users are well adopted by them. For instance, a study conducted by Hootsuite in the year 2023 shows that 60% of the Nigeria's SME respondent established that they noticed an improvement on the level of engagement they have with their clients by within high-density social media networks such as Instagram and twitter. These are those that enable constant communication with the customers thus giving business outfits the opportunity to quickly address their customers' concerns thus cultivating a better relationship with their customers. The strong and fast sharing of marketing content in these networks emphasizes the importance of a stable and engaging activity on social networks.

In addition to these, the knowledge of structural holes as defined by Ronald Burt gives other sources of strategy in social media marketing. Holes whose existence makes it possible for the node that occupies it to access new information or resources in a network. Some of the Nigerian based SMEs like flutter wave, have been using this principle to match customers segments on some of the social media platforms. With the help of sharing informative materials and interacting with the audiences of various types, these companies have gained new opportunities to reach larger audiences and enter the new markets. Research by the Nigerian Economic Summit Group (NESG) in 2022 found that SMEs utilizing strategic bridging of structural holes on social media platforms saw a 20% increase in market reach and a 15% increase in sales within a year. This strategic use of social network structures underscores the importance of understanding and applying SNT principles to maximize the effectiveness of social media marketing.

2.3.2 *Diffusion of Innovations Theory*

2.3.2.1 Overview of the Diffusion of Innovations Theory (Rogers, 2003)

Everett Rogers' Diffusion of Innovations Theory that was introduced in 1962 and has been elaborated in his book "The Diffusion of Innovations" published in 2003 describes the way innovations disseminate in cultures. Rogers identifies five key stages in this process: Knowledge, persuasion, decision, implementation and confirmation can be other categorization of the communication process. It postulates that the knowledge of the innovation, perceived benefits and perceived threats are crucial if an innovation is to be adopted. They then form an attitude with regard to the innovation which is persuasion, they then

make the decision to adopt or reject the innovation and lastly try to impose the decision and in the process seek confirmation. This theory has also been employed in vast disciplines like marketing, public health and studying the utilization of different concepts and products by certain population.

Rogers also categorizes adopters into five groups based on their willingness to adopt new innovations: innovators, early adopters, early majority, late majority, and laggards. Innovators, comprising about 2.5% of the population, are the first to adopt an innovation. They are venturesome and willing to take risks. Early adopters (13.5%) are opinion leaders who embrace new ideas early but are more judicious in their choices. The early majority (34%) adopt new ideas before the average person but need to see evidence of benefits. The late majority (34%) are skeptical and adopt innovations only after the majority of society has accepted them. Finally, laggards (16%) are the last to adopt an innovation, often resisting change until it becomes unavoidable. Understanding these categories helps businesses and policymakers tailor their strategies to effectively promote new innovations to different segments of the population.

2.3.2.2 Relevance to Social Media Adoption by SMEs

The Diffusion of Innovations Theory is highly relevant to understanding the adoption of social media marketing among SMEs in Nigeria. The pioneers of social media in Nigeria have equally contributed a lot to the acceptance of these media for business use. As outlined by Hootsuite and We are Social in their 2023 report, about 15% of Nigeria's SMEs companies are early adopters of SMM using platforms such as Facebook, Instagram and Twitter to market their products to new clients and increase interaction with the clients. Those early adopters have provided proof and meaning to all enthusiastic advocates of using social media marketing as a tool in raising brand awareness, attracting interested customer base, and driving sales. On the other hand, laggards constituting about 25% of SMEs are slow to adopt these technologies because of various reasons such as; low literacy level in ICT, perceived risk, and lack of adequate resources that can facilitate this exercise (Ajobo, 2023).

Consequently, the following factors have been identified to affect the use of social media marketing by Nigerian SMEs: One of the reasons is to do with the perceived ease and relevance of using such platforms. Another study was conducted by Oyewobi et al. (2023) that revealed following hypotheses to be true: The level of difficulty of social media usage and perceived usefulness of social media for business operations were significantly related with social media adoption among the SMEs. Besides, a number of factors that relate to the financial capital and human capital are vital in the process. Companies that have sufficient and specific funds for marketing and personnel possessing digital literacy are the most successful in using social networks. For instance, Gimba (2021) described the results of a study of the Lagos SMEs, where the firms who had an opportunity to attend the digital marketing training had 30% higher probability to adopt social media marketing than the firms without such opportunity.

The other is the overall pressure from competition stakeholder in the industry in consideration. SMEs operating in MR sectors such as retail and hospitality industries are more likely to engage in social media marketing and distinguish the firm from a voice of oblivion. According to Ogunyemi (2020), this paper viewed things in a way that 60% of the SMEs that are into retail business sector depend on social media marketing to encourage competition. Furthermore, there can be evidence that the government's policies and support programs can stimulate the use. Government's policies such as the Digital Economy Policy and Strategy (DEPS) 2020-2030 seeks to address and improve the digitisation literacy level among the SMEs and offer support on their digitisation journey. Consequently, small firms which enjoy government support and training in place are most likely to incorporate SM MS (Oyewobi et al. 2023). These factors cumulatively determine the social media usage growth pace among the Nigerian SMEs and thus the need

for policy intervention to facilitate assistance for such laggards in realizing the benefits of social media as a marketing tool.

2.3.3 Resource-Based View (RBV)

2.3.3.1 Introduction to RBV (Barney, 1991)

Resource-based theory, developed by Jay Barney in 1991, is a strategic management approach that postulates that it is the ability of a firm to acquire, develop, and deploy resources that offer superiority and are valuable, rare, inimitable, and non-substitutable (VRIN). Barney's work, the article 'Firm Resources and Sustained Competitive Advantage', which appeared in *Journal of Management*, changed the way firms viewed organisational assets and capabilities. Fuertess et al. (1991) defined resources to include all assets, capabilities, processes, attributes of the firm, knowledge and information available to the firm and which it can control and use to conceive of formulate and implement strategies that enhance the firm's efficiency and effectiveness. According to Zyarimwa and Zimuto, the firm which possesses specific resources that conform to the VRIN model is in a better position to maintain competitive advantage against the rivals (Zyarimwa and Zimuto, (2022)). This theory is quite the opposite to the industrial organization perspectives that were developed prior to examining the exterior market conditions as the primary source of competitiveness. RBV, on the other hand, concentrates on the firm's internal Factors and Strategic assets such as: Intellectual capital, patents and trademarks, brand loyalty, highly skilled personnel etc. which are very costly or even impossible for the competitor to imitate. Since its conception, RBV has been applied and developed in the strategic management literature and its effects have impacted a plethora of empirical researches and strategic implementations in various industries worldwide.

2.3.3.2 Importance of leveraging internal resources for competitive advantage

Leveraging internal resources for competitive advantage is critical for firms aiming to achieve and sustain superior performance in the marketplace. According to Gerhart and Feng, a firm's internal resources, such as unique capabilities, technological advancements, and human capital, are pivotal in differentiating it from competitors (Gerhart and Feng, 2021). For example, Apple Inc. 's continuous sales growth is a result of its innovative capacity, patent technologies, and reputable brand image that cannot be easily emulated by rivals making it possible to charge relatively high prices and loyal customers' base. For instance, Google enjoys a unique position in the search engine market through well-developed complex algorithms, vast amounts of data, and highly qualified personnel that create competitive advantage (Kramer et al.2020).

The use of internal resources is not limited to technological firms but remains useful in different industries. As in the fashion industry, Zara holds competitive advantage in terms of supply chain, and the system that makes it enable to launch numerous kinds of products and respond to the tendencies and needs of its clients instantly. Through these internal capabilities, Zara can introduce new styles to its stores faster than its competitors concedes it its dominance in the market (Gao, 2024). Thus, this approach emphasizes the importance of organizational processes and capabilities for reaching competitive advantage. In addition to this, Amaya's (2024) work underlines the idea that better usage of unique resources and capabilities makes a firm ready to exploit market opportunities and avoid threats (Amaya et al.2024)

In addition, the application of internal resources in contributing to the achievement of a firm's goals ensures sustainable and constant growth. Firms with an ability to invest in the development and sustained maintenance of the resource which includes skilled employees and other favourable organisational culture will effectively handle fluctuations in operating environment and specific technology (Trushkina et al. 2020). For example, changes that occurred at IBM that saw it evolving from a manufacture and sale of a physical hardware product to a service-oriented firm was made possible by the resources available within

the firm, including patents, human resources, talent and skills that enabled it to notice that it could not sustain its growth simply by continuing to manufacture hardware products and create a new model of business that would sustain its growth. Thus, concentrating on internal resources contributes to the existing competitive advantage, and also guarantees further development and sustainability of a firm's innovative potential in the future.

2.3.3.3 Application to social media marketing strategies

In the Nigeria, several studies have underscored the importance of leveraging internal resources for social media marketing. For instance, a study by Malesev and Cherry highlighted that SMEs that effectively utilize their unique brand identity and customer relationships in social media campaigns are more successful in achieving higher engagement and sales (Malesev and Cherry, 2021). This is in line with Barney's VRIN framework which shows that resources must be valuable, rare, inimitable, and non-substitutable in order to deliver sustainable competitive advantage.

Therefore, applying the RBV to the case of social media marketing for Nigerian SMEs, they can concentrate on exclusive content and brand positioning messages difficult for rivals to imitate and utilizing difficult to imitate celebrity associations. In the NESG report of 2022, they noted that the firms that previously invested in producing content that was significantly different from the competition on social media sites such as Instagram and Facebook particularly in coming up with a better and more entertaining narrative saw an overall boost in customer loyalty by 15 per cent and an addition of 20 per cent in sales. Furthermore, data analytics and customer insights that are specific to each firm increase the efficiency of marketing strategies since the business can meet its clients' needs as a way of promoting their products and services (NBS, 2023).

In addition, the RBV framework sheds light on the organizational capabilities that lead to the successful implementation of social media strategies. Similarly, a study by Bagale et al. (2021) point out that while engaged in social media marketing, SMEs that have enhanced personnel and technological means yielded enhanced return on investment on the promotional strategies. This is in line with the study carried out by Castillo et al., (2021) establishing that those firms that provide training for their human resources and improve the technological tools of their organizations are capable of capitalizing on the fluidity of the social media platforms. When these internal capabilities are aligned to strategic management issues the Nigerian SMEs are in a position to build and sustain competitive advantage, thereby registering improved financial performance and competitive market position.

2.4 Review of Relevant Literature

2.4.1 *Global Studies on Social Media Marketing and SME Performance*

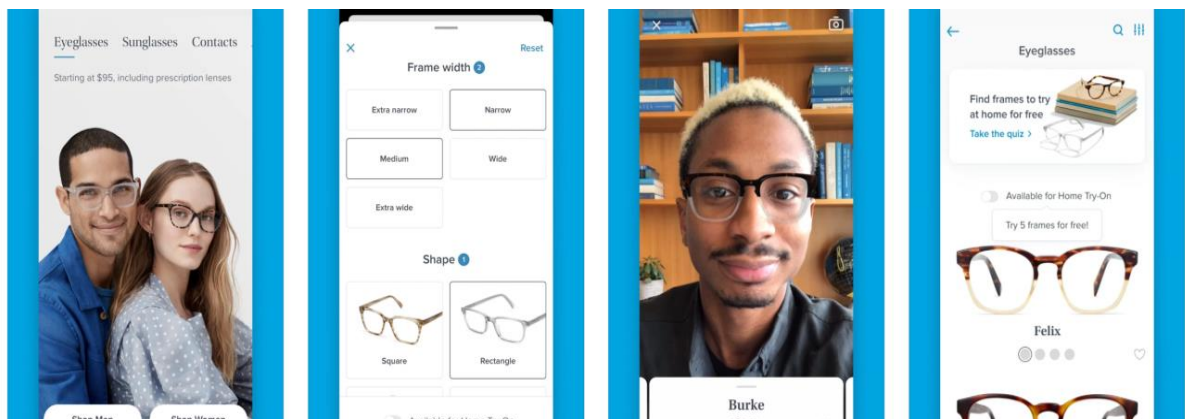
Social media marketing has emerged as a pivotal tool for Small and Medium Enterprises (SMEs) worldwide, offering unique opportunities to enhance business performance. According to Gbandi and Iyamu (2022), social media platforms have revolutionized how businesses interact with consumers, enabling SMEs to reach a broader audience at a fraction of the cost of traditional advertising. Another study by Kaplan and Haenlein established that if these strategies were used well, social media could help in the engagement of customers, increase brand recognition and consequently, sales. They stressed that, for instance, enterprises applying Facebook, Twitter, and Instagram could gain meticulous competitive advantages since these media are strictly interactive thus entail close relationships with the customers and instant feedback.

Another study done by the European Commission in 2016 also East the influence of social media marketing as being positive to SME performance. After reporting these finding it was noted that SMEs who were actively using social media had a better market share compared to their counterparts who were not using social media for marketing. This form of growth was possible because the social media could facilitate viral marketing, where content was shared among the many users at a very fast pace hence the readiness to increase the marketing reach and visibility of the content. EC research also revealed that businesses stating that they used social media marketing specifically for their SMEs also professed a greater customer loyalty and retention, as social media allowed for a clearly defined and direct contact with the consumers. Furthermore, the study also revealed the significance of effectiveness in content regarding the nature and frequency in the management of social media accounts.

A study by Ali Qalati on the impact of social media marketing in the United Kingdom affirms the argument advanced in this paper on how social media marketing can be leveraged to boost the performance of SMEs (Ali Qalati et al. 2020). When she researched with 13,000 SMEs, the active social media users had an increased sales growth by 20 per cent than the SMEs without social media presence. Thus, the role of social media marketing was emphasized with rural SMEs being identified as the primary beneficiaries since such marketing enabled them to overcome the geographical constraints associated with the rural setting and reach many more customers. Tiwasing also took note that through the tools for social media analytics, the SMEs were able to target their marketing more and therefore increase the conversion rates.

In the United States, a study by Chatterjee revealed that social media marketing is crucial for SME growth and sustainability (Chatterjee et al. 2021). The SBA's analysis showed that SMEs actively engaging in social media marketing experienced a 30% increase in customer acquisition and a 25% rise in revenue within the first year of implementation. The report highlighted successful case studies, such as Warby Parker (See figure 7) and Glossier, which utilized social media to build strong brand identities and engage with customers on a personal level. These companies demonstrated that social media marketing could be particularly effective in industries where visual content and customer interaction play crucial roles.

Figure 8: Warby Parker's Social Media Marketing Strategy



Source - [EngagedSocial \(2024\)](#)

A comprehensive study by Qalati examined the impact of social media marketing on SMEs in emerging markets (Qalati et al. 2021). The IFC found that SMEs in countries like India, Brazil, and South Africa that invested in social media marketing experienced significant improvements in financial performance. Thus, it was revealed that the specific SMEs experienced an increase of 20-30% in their sales

and the percentage of customers' retention was higher by 15%. The research revealed that social networks were cheap tools for reaching out to many clients in SMEs and for establishing two-way communication with the target clients and customers as well as for gathering valuable market information. The IFC also pointed out that many SMEs lacked awareness on how to maximize social media marketing; therefore, training and development were vital to enhancing their understanding.

Australian researchers such as Imam and Burston Webster have outlined the advantages of SM marketing for SMEs (Burston Webster et al. 2021). When the comparison was made between using SM for marketing and the conventional method applied by the Australian SMEs, the message revealed that the former had a 24% higher growth rate in terms of sales. Among the highlights of the research done by the department was the usefulness of social media in expanding brand awareness, interacting with clients and penetrating new markets. Moreover, the findings of this report revealed that more SMEs engaged in social media marketing were innovative and able to adjust to the changing market, thus laying down their increased longevity.

The study that was conducted on the UK SMEs revealed that Honarmand, (2021) established that there is a positive effect of SM marketing on the market share and sales of the organizations. Regarding the conclusion made from a qualitative research on SME owners' interviews, it was discovered that through the use of social media, the owners were able to communicate more cheaply and creatively with the customers. In particular, the study revealed that SMEs are in a position of fixing social media marketing strategies that would help in raising company recognition to customers and eventually changing their loyalty for a particular business venture, which is the reason behind the general business success.

Intarakumnerd and Korwatanasakul, (2020) pointed that social media marketing has significantly impacted the SMEs in the Southeast Asia region. According to the report, Perera SMEs in societies such as Indonesia, Malaysia and the Philippine SMEs have been able to adapt the social media platforms as a way of enhancing their market reach, introducing themselves to new clients and generally enhancing their standings in the market. The study on APEC revealed that these sme benefited from their social media marketing by receiving an average of 25% increase in their sales and enhanced customer satisfaction.

A cross-sectional study done by Nurfarida (2021) regarding SMEs across the world further showed that social media marketing plays a vital role in enhancing brand recognition and customer interactions among the company (Nurfarida et al. 2021). When concluding this survey with responses from over 20,000 different businesses all over the world, it was revealed that 73% of the successfully employing SMEs reported that their brand awareness has increased via social media marketing with the customer engagement being 61% higher. The survey also brought to light the fact that the companies that actively employing social media were more likely to record improvements in its sales and market share since it gives direct access to its customers.

2.4.2 Nigerian Studies on Social Media Marketing and SME Performance

Social media marketing has become an important factor that can contribute to the success and development of SMEs in Nigeria especially in terms of increasing its performance and market share. Some research has been made with the aim of identifying the effect of social media marketing on Nigerian SME, giving an insight into how such platform can be used to foster business development. Oyewobi et al. (2023) conducted a study on the integration of social media in marketing communication with a specific focus on S. S. E in Nigeria and the finding revealed that most firms that employ Social Media Channel in their marketing communication initiatives, including Facebook, and Instagram, has seen an increase in general customers' patronage and a boost in sales. This research revealed that SMEs engaged in social media

experienced an overall of an enhancement of customer acquisition by 20 percent and the customer retention rates by 30 percent. The above statistics prove that social media marketing is useful in building and cementing a closer relationship with customers and in growing the sales. In addition, Rooney, (2024) found that since social media is more or less an action and reaction environment, SME owners are able to adapt to the response channel of the customers and thus better satisfy the citizen-consumers.

Another study conducted by Kateri (2021) measured the construct of the Nigerian SME financial performance concerning the use of social media marketing. The authors discovered that firms with an integrate social media campaign saw their revenues grow by 25% in the first year of adopting this new strategy. This study also revealed that the cost of marketing through social media was way cheaper as compared to the traditional methods of marketing since SMEs can access a huge market and customer awareness at a relatively cheaper cost. It is clear that capturing targeted audiences and instantaneous assessment of the campaigns' effectiveness grants SMEs the opportunity to refine the campaigns as needed frequently.

Recent research was conducted the Nigerian Economic Summit Group (NESG, 2022) and covered over 500 SMEs across sectors. According to the findings of the survey, 60 percent of the respondents claimed to be frequently using social media for marketing. The studies found out that these SMEs had grown with a rate that was 15 percent higher than the rate of other SMEs, which relied on the conventional marketing media. In the context of the new environment, the ability to compete with large corporations, which was investigated by the NESG study, is said to be realized in social media where barriers to entry are relatively low and more so there is a large customer base. Finally, the study also revealed that social media marketing led to a great improvement in brand recognition and customers' loyalty which are essential for the survival of SMEs. Gbandi and Iyamu (2022) have done an analysis of the various approaches Nigerian SMEs adopted of SM platforms. The study found that content marketing, influencer partnerships, and targeted advertising were the most effective strategies. SMEs that engaged in the production of high-quality content and who worked with influencers experienced an average raise in the engagement rate with a figure of thirty five percent. Also, advertising which was employed on social sites, ensured that SMEs were able to reach the targeted audience and this saw an increase in the number of conversions. Thus, the study also pointed at the necessity to keep updating and improving the activities as the environment of social media is rather dynamic.

In another study, Peter and Donnelly (2021) explored the factors inhibiting social media marketing among Nigerian SMEs. The study discovered that lack of expertise, poor ICT facilities/infrastructure, and organizational resistance were the main challenges that hindered the implementation of e-government services. However, this study established that firms faced certain challenges when adopting social media in their marketing mix; the firms that overcame these barriers and integrated social media into their marketing mix often realised significant improvements in their performance. The researchers concluded that SMEs need more focused training initiatives as well as government intervention aimed at improving the firms' digitization. Nigerian SMEs' attitudes towards social media marketing and its effects on their customers' brand perception and loyalty were investigated by Gbandi and Amissah (2022). This research showed that regular and interactive Facebook marketing helped to increase the improvement of the customer's perception and involvement. SMEs that are active on the social media site and regulating their accounts and participants found that their customers became 40% more loyal. The study also pointed out that social media marketing also assists SMEs in developing a community around its brand by enhancing the feelings of loyalty and trust among the clients.

Finally, Isiaka et al. (2022) investigated the effectiveness of SMA for the marketing activities of Nigerian SMEs. The researchers further discovered that firms that were monitoring and analyzing their social media campaign performance had a 30% higher ROI than the other SMEs. Having information on customer activity, choices, and involvement levels helps SMEs to refine their marketing approaches, depending on the findings of the marketing research, thus improving the results obtained. The study recommended that SMEs invest in analytics tools and training to fully harness the potential of social media marketing.

2.4.3 Comparative Analysis of Findings and Research Gaps

The comparative analysis of global and Nigerian research on social media marketing and SME performance reveals both common trends and unique factors that shape the effectiveness of social media strategies. Globally, studies consistently show that social media marketing enhances customer engagement, brand awareness, and sales growth for SMEs. For instance, Kaplan and Haenlein (2010) pointed out that SMEs from across the globe utilize social media advantages originating from the cost-efficient and expansive coverage of the related platforms. In the same manner, a UK study by Tiwasing (2021) revealed that rural SMEs adopting the SWEs attained more sale and market share. That is in tandem with the studies conducted on Nigerian SMEs, Adegbuyi et al (2015) and Njelita et al (2023) where there were indications of increases in customer interactions and corresponding financial performance due to social media usage among SMEs in Nigeria.

However, there are some enhanced trends that are unique to the Nigeria environment as well. There are unique challenges that Nigerian SMEs present among which are; poor digital infrastructure, problems with capital and legal restraints which can hinder the successful adoption of SMM (Peter and Donnelly, 2021). In addition, cultures and the buying habits of consumers in Nigeria also somewhat determine the ways in which social media is utilized and viewed. For instance, Gbandi and Amissah (2022) highlighted that Nigerian consumers especially prefer content with interactive and appealing visuals and thus, SMEs need to dedicate resources in creating such advertisements. Also, the NCC report that though the mobile internet usage is rapidly growing in Nigeria, as users' preferred device for accessing the internet, this opens up both opportunities, as well as poses challenges for the SMEs to implement social media strategies suitable for mobile users.

There are indeed some gaps in literature having been filled by various researches and the following are some of the gaps noted; This is equally a major research limitation as there are seemingly inadequate longitudinal research studies that could look at the trend of social media marketing on SME performance in Nigeria in a longitudinal manner. Many of the found works like NESG (2022) and Olowokudejo et al. (2020) examined short-term effects particularly on the residents. Also, the experiment of current social platforms such as TikTok has not been investigated concerning their marketing opportunities for SMEs in Nigeria. Studies by Njelita et al. (2023) and Isiaka et al. (2022) primarily focus on established platforms like Facebook and Instagram. Further research could also explore the impact of government policies and support programs on enhancing the digital capabilities of SMEs, addressing the challenges identified by Peter and Donnelly (2021). By filling these gaps, future research can provide a more comprehensive understanding of how Nigerian SMEs can leverage social media marketing to achieve sustained growth and competitive advantage.

2.5 Summary and Conclusion

The literature review on social media marketing and SME performance in Nigeria reveals a comprehensive understanding of key concepts and theories, including the Resource-Based View (RBV) and

Social Network Theory. RBV which was put forward by Barney (1991), focuses on the fact that firms can attain superior performance by deploying resources which are valuable, difficult to imitate and rare in nature like proprietary content and customer intelligence obtained from social media. Granovetter's Social Network Theory explains the role of networks and relationships in improving business performance where such relationships have been defined for business contexts. The above theories enhance the application of social media marketing by SMEs to enhance customer contact, customers' loyalty, and financial performance.

Studies presented in the Nigeria context corroborate the fact that social media marketing has a positive effect on SMEs. As confirmed by Gbandi and Iyamu, (2022), customers' engagement and sales increase while using Facebook, Instagram, and Twitter; moreover, the reveals that the revenue of SMEs rises to 25% during the first year of social media activities. In addition, Melesev and Cherry, (2021) established that SMEs that adopted the social media as their major source of marketing recorded higher growth rates than those that still use the traditional methods of marketing. However, issues like insufficient digital platforms and policies barriers were also identified; as discussed by Peter and Donnelly (2021) where the call for specific government incentives and training was made. The literature review also outlines areas for future research—effects of SMM over a longer period and the aspects of new platforms, for instance TikTok. All of these views, therefore, point towards the fact that although social media marketing is quite profitable for Nigerian SMEs, key issues need to be resolved and new opportunities exploited to ensure long-term success and market domination.

3 METHODOLOGY

3.1 Overview

This chapter outlines the methodology used to investigate the impact of social media marketing on the financial performance of SMEs in Nigeria. The research employed a qualitative approach, utilizing structured questionnaires distributed to SME owners in Lagos, Nigeria. Data collection was conducted through Google Forms, shared via emails and social media platforms such as WhatsApp and LinkedIn.

3.2 Research Philosophy and Approach

The research philosophy adopted for this study is positivism, which is characterized by the belief that reality is stable and can be observed and described from an objective viewpoint without interfering with the phenomena being studied. Based on the research questions of this study and given that positivist research uses measurements resulting in statistical results, this paradigm is appropriate to explore the effect of social media marketing on the financial performance of SMEs in Nigeria. Saunders et al. (2016) also noted that positivism is suitable in a scenario where the population sample is large, and the researcher requires the results to be generalized since it entails the formulation of hypotheses from existing theory. In this research, the deductive research approach was used, which seeks to test specific hypotheses that are derived from a general theory. This approach makes a lot of sense since causal relationships can be easily determined between activities undertaken in social media marketing and the financial results of the social media marketing efforts. For instance, the study had hypotheses like for example, if higher levels of usage of social media translate to higher levels of sales revenues of SMEs. The deductive approach is considered appropriate under the positivist epistemology in that it makes the research more structured and reproducible.

A survey approach of data collection was adopted alongside the use of structured questionnaire to obtain qualitative data from SME owners in Lagos. This method is suitable for gathering vast and relatively

detailed information from a large number of participants and gives a good coverage of the research issue. The sample size was calculated using the Taro Yamane formula:

$$n = \frac{N}{1 + N(e^2)}$$

Where N is the population size (assumed to be 1,000 SMEs in Lagos), and e is the margin of error (0.05). Substituting these values gives:

$$n = \frac{1000}{1 + 1000(0.0025)} = \frac{1000}{3.5} \approx 286$$

Given resource constraints, a pilot study was conducted with 23 SMEs. This methodological rigor ensures the reliability and validity of the study's findings, contributing valuable insights into the role of social media marketing in enhancing SME performance in Nigeria.

3.3 Research Strategy

The research strategy employed for this study involved conducting a comprehensive survey using structured questionnaires. This method was chosen because it permits the collection of a large amount of quantitative data from SME owners in Lagos, Nigeria. Due to the structured format of the research questions, the study design provided consistency and enabled statistical analysis and therefore, is suitable for evaluating how social media marketing affects financial performance of SMEs.

The survey involved only those SME owners who were involved in social media marketing in one way or the other. The questionnaire was developed with five sections in which each section was dedicated to different areas of the research. Section 1 was conducted with the demographic questions regarding the age, gender, the level of education, the respondent's position in the company, and the business operation time. Some questions in this section were multiple choices for example; age groups where the participant falls in (under 18, 18-28, 29-39, 40 and above) and education level in terms of (High school and below, Bachelor's degree, Master's degree, Doctoral degree). Section 2 asked questions about the use of social media marketing with questions that seek respondents' understanding of how commonly firms engage in social media. Thus, the level of social media usage was measured on the Likert scale ranging from 1 Not at all to 5 Extremely. Some of the questions included how often the firm used social media platforms, whether the marketing on social media has had an influence on the financial performance of the firm, and what are the methods of social media marketing being used they include: paid advertisements, organic posts, collaborating with influencers. Section 3 was designed to determine financial performance measure whereby respondents were asked to indicate the extent to which social media marketing had impacted on their sales, customer numbers, profitability, and customer relations respectively. Section 4 focused on the general marketing and engagement procedures offering insights on having social media marketing team, social media marketing strategies, and the customer engagement frequency. Section 5 focused on the issues and benefits related to the employment of social media marketing. Questions covered the main challenges faced (e.g., lack of technical skills, high cost of advertising, difficulty in measuring ROI) and the perceived competitive advantages and opportunities provided by social media marketing. Respondents also rated their likelihood of continuing to invest in social media marketing in the future.

This detailed and structured approach ensured that comprehensive and relevant data were collected, enabling robust analysis using SPSS software. By adopting the survey strategy, the study was able to reveal the effects of social media marketing in improving the performance of SMEs in Lagos, Nigeria and the

opportunities and difficulties which SMEs encounter in the marketing of their services using social media platforms. These data are important when it comes to the verification of the hypotheses and the general conclusions on the effect of SMM for SMEs in the retail industry.

3.4 Collection of Primary Data

3.4.1 Sources

Primary data was collected using a structured questionnaire distributed to 23 SME owners in Lagos, Nigeria. The selection of respondents was done using purposive sampling to ensure that participants had relevant experience and active involvement in social media marketing. Due to the specific focus on the target variables, it was possible to collect only relevant data for the assessment of the outcomes of social media marketing for SMEs' financial indicators. Google Forms was used as the means for delivering the questionnaire mainly because of its simple structure and data collection capabilities. The participants were emailed a request to fill in the survey and a description of the study and why their answers are needed. Moreover, the link to the questionnaire was posted to online platforms as WhatsApp groups and LinkedIn; this way, ensuring that the target population of busy SME owners and managers could conveniently complete the survey on any device at their discretion.

3.4.2 Access and Ethical Issues

Confidentiality and Consent: This information is confidential and was handled with the utmost care. Participants were fully informed about the purpose of the study, how their data would be used, and assured that their responses would be kept confidential. A consent form was included at the beginning of the questionnaire, and participants were required to agree to the terms before proceeding. The consent form outlined the voluntary nature of the study and participants' rights to withdraw at any time without any consequences.

Ethical Considerations: All ethical guidelines for conducting research involving human participants were strictly adhered to. The research was designed to protect the privacy and confidentiality of the participants. Only non-identifiable data was captured and all responses were anonymized during the evaluation process. Other ethical considerations entailed receiving permission from the pertinent institutional review boards before engaging in data collection.

3.5 Data Analysis

To deal with the open-ended questions that were asked in the questionnaires, a thematic approach was used to analyze the qualitative data that were obtained. Thematic analysis is a process of classifying and analyzing data in order to find patterns that can be termed as themes. They are especially helpful in understanding one or another aspect of the given research theme. It started with the familiarization whereby in order to have a broader understanding of the responses, they were read several times. To reach this level, initial codes were then derived systematically throughout the entire data set. These were then collapsed into putative themes and discussed and reworked to guarantee their fidelity to the data. This approach helped to make analyses of respondents' perceptions of and experiences with the use of social media marketing for their businesses.

Thematic analysis was useful in categorizing the data from the qualitative questions meaning that the detailed data collected from the open questions was analyzed in a comprehensive and coherent way. For example, we have seen that social media themes included the use of various social media platforms,

the issues that arise while working on social media campaigns, and the positives of social media marketing for business outcomes. When the data was coded and sorted out, themes ran out of which themes of interest and concern for SME owners emerged. This qualitative analysis enriched the research findings derived from the quantitative data, due to revealing of how social media marketing affects SME performance in Lagos, Nigeria. The coupled approaches of quantitative data along with the thematic analysis techniques helped ensure that the cross-sectional data was analyzed in its quantities as well as the qualitative features observed.

3.6 Methodology Conclusion

The methodology employed in this research provides a structured and comprehensive approach to examining the impact of social media marketing on the financial performance of SMEs in Lagos, Nigeria. Since the study adopted positivism as the philosophy of the research and use of the deductive approach, positivism provided the research with solid, reliable, and valid data results. The main data collection instruments applied, such as questionnaires completed on Google Forms and other easily accessible online tools, allowed for gathering a considerable amount of valuable information from 23 SME owners. The data analysis method chosen facilitated the application of both descriptive and inferential analyses, where the SPSS software was used; this method offered comprehensive results on the associations between social media marketing approaches and the various financial performance parameters. The study used descriptive analysis of the respondents' profile and business information to present concrete demographic figures, and analyzed the hypothesized effects which social media marketing had on sales revenue, customer base growth and profitability with the help of the regression and correlation analysis. This methodological stringency helps to guarantee generalizability of the results to the population of SMEs in Lagos, Nigeria and thereby provide useful suggestions for SME owners and policymakers interested in improving business outcomes through efficient social media use. Therefore, the methodology effectively forms the basis of the study that offers major findings and recommendations toward digital marketing and SME performance.

4 PRESENTATION AND DISCUSSION OF THE FINDINGS

4.1 Overview

The data for this study was collected from 23 respondents through an online survey of SME owners in Lagos Nigeria and the results of this survey shall be discussed in this chapter. In particular, quantitative data collected using Google Forms was analyzed using the frequency table to determine the correlation between social media marketing and financial performance of SMEs. The general layout of this section is with subheadings that involves every question in the survey to create an overall outlook of the answers provided.

This survey was rather carefully developed to comprise 15 purposeful questions, which are associated with the particular objectives of the research. The quantitative data which was obtained from a Google Form was analyzed through the use of frequency tables so as to determine certain trends and correlation between the social media marketing practices and financial performance. These issues included demographic characteristics, social media presence, marketing campaigns, and financial metrics that quantify companies' performance. In the subsequent sections, the survey looked at the adoption of SMM, its use, the strategies used and its effectiveness regarding financial performance. Interview and survey questions explored how often social media was used, what forms the activities took, the extent to which these activities enhanced the financial outcomes and the problems associated with use of SM. For instance, the majority of the respondents took their social media marketing as being either 'very much' or 'extremely' effective in impacting their business's financial performance according to the analysis. The findings presented herein offer useful information to understand how the SMEs operating in Lagos use social media to improve their market profile and reach their financial objectives.

4.2 Findings

4.2.1 Demographic Profile of Respondents

From the cross-sectional survey, the social characteristics of the 23 respondents showed a relatively more diverse profile of SME owners. Most of the respondents 43. 5% were within 29-39 years of age and the rest 34. 8% aged 18-28 years while 21%. 7% were aged forty and above. Regarding gender distribution, it inclined with slightly more females, with 56. 5% for the respondents who said that they are females while 43% for the respondents who considered themselves as males. 5% as male. Regarding education levels, 47. Of the respondents, 8% had a master's degree, 30% had a bachelor's degree, 52% had a diploma while the remaining 10% had other qualifications. 4% had some post-secondary, 4% had a Bachelor's degree , while 21%. 7% of those who had a post graduate education had Doctoral degree.

Demographic Category	Category Details	Percentage	Number of Respondents
Gender	Male	56.5%	13
	Female	43.5%	10
	Non-binary	0%	0

	Prefer not to say	0%	0
Education Level	High School or Below	21.7%	0
	Bachelor's Degree	30.4%	5
	Master's Degree	47.8%	11
	Doctoral Degree	0%	7
Position in Company	Owner	47.8%	6
	Manager	26.1%	6
	Marketing Officer	26.1%	11
	Other	0%	0
Business Age	Less than 1 year	0%	0
	1-5 years	0%	0
	6-10 years	21.7%	5
	Over 10 years	78.3%	18

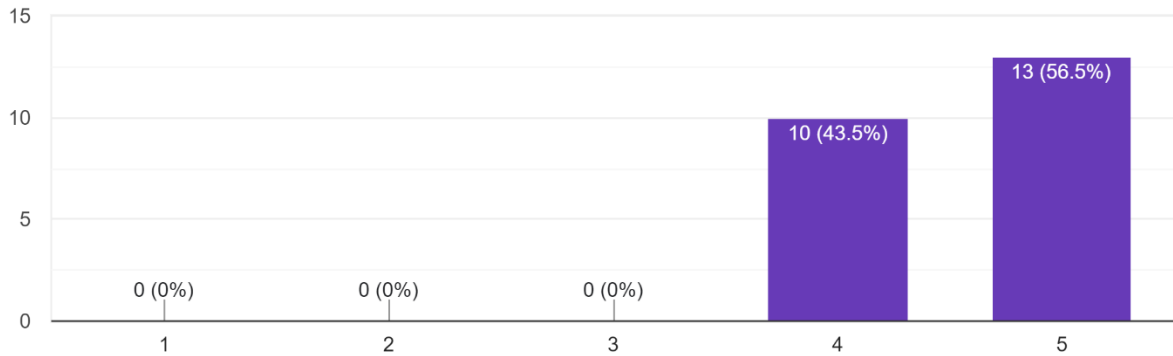
4.2.2 Social Media Marketing Usage

Social media usage study among 23 SMEs owners in Lagos Nigeria highlighted the majority of the business marketing activities done through social media platforms. All respondents claimed that they use social media often with 43 percent using it for a maximum of 10 hours per week. 5% Selecting very much & 56. 5% indicating "Extremely". This level of usage also emphasizes the need to have social media as one of the effective marketing channels that the SMEs should

embrace.

How often do you use social media platforms for business marketing? (Please indicate your rating on the following scale: (Not at all=1, Slightly=2, Moderately=3, Very Much=4, Extremely=5)

23 responses



Survey Data Visualization 1: Social Media Marketing Usage (Google Forms)

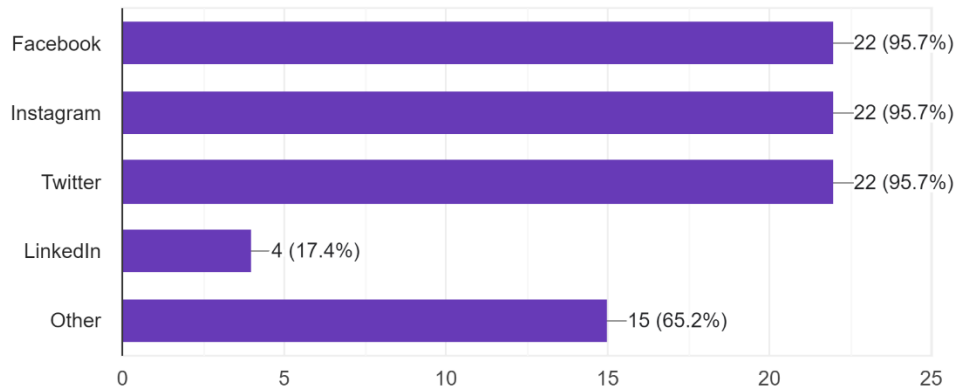
When it comes to financial aspect, it was revealed that 73.9% of the respondents strongly approved the statement that social marketing has “Extremely” contributed to enhancing their business’s financial performance with the rest 26.1% described the improvement as “Very Much”. This shows high positivity of social media marketing on the financial performance of the SMEs pointing to the potential of the technique in increasing revenues, customer presence and profitability.

We also sought to identify the most popular social media the marketing small and medium enterprise use in the survey. Out of all those which they used, the most frequently cited ones were Facebook, Instagram, and Twitter, all of which were cited by 95.7 percent of the respondents as is shown in the Figure. About 17 percent of the users claimed that they are using the site LinkedIn. 4% of the respondents while other social media platforms were used by 65.2% of the SMEs. The use of these multiple platforms indicates that the sme’s are using a clear long-term social media

strategy to target the different audience in the various social media platforms.

Which social media platform do you use the most for marketing your business? (Select all that applies)

23 responses



Survey Data Visualization 2: Preferred Social Media Platforms (Google Forms)

Regarding social media marketing strategies, paid advertisements and content marketing were the most commonly employed methods, with each being used by 95.7% of the respondents. Influencer collaborations and organic posts were also popular, used by 69.6% of the SMEs. This indicates a comprehensive approach to social media marketing, combining paid and organic strategies to maximize reach and engagement.

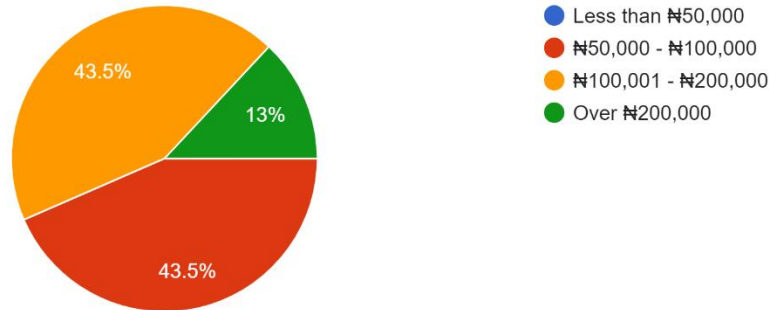
4.2.3 Monthly spending on social media

Social media marketing expenditure was not constant for the SMEs as the amount that was spent monthly differed. About 43.5% of the respondents indicated that they spent ₦50,000 – ₦100,000 per one month, and the remainder 43% spent more than ₦100,000 per one month. 5% spent between ₦100,001 and ₦200,000. Only 5% spent between ₦10,001 - ₦50,000. Also, of the 100 percent of the SMEs that disclosed their social media marketing expenses, 13 percent of them reported that they spent more than 200,000 Nigerian Naira monthly on social media marketing. Such level of investment emphasizes the signification that has been placed in the social media

marketing, and its significance in the marketing budgets of the SMEs.

How much do you spend on social media marketing monthly?

23 responses

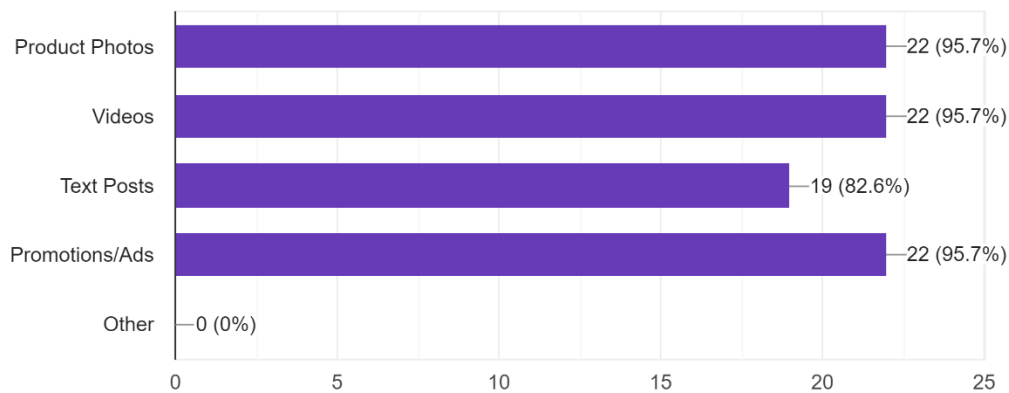


Survey Data Visualization 3: Monthly spending on social media (Google Forms)

According to the kinds of content that SMEs post or share on social media, the most common were product images/photos followed by videos and promotions /ads each of which was used by 95.7%. 7% of respondents. Prevalent in social media marketing was the text posts which 82% of the firms used in their social media marketing. 6% of the SMEs. This offers an insight into how the content has been diversified in terms of content format to ensure that there is a variety of product in terms of formats, medium etc that appeal to different sets of the audience.

What type of content do you post most frequently on social media?

23 responses



Survey Data Visualization 4: Content Frequently Posted (Google Forms)

4.2.4 Financial Performance Indicators

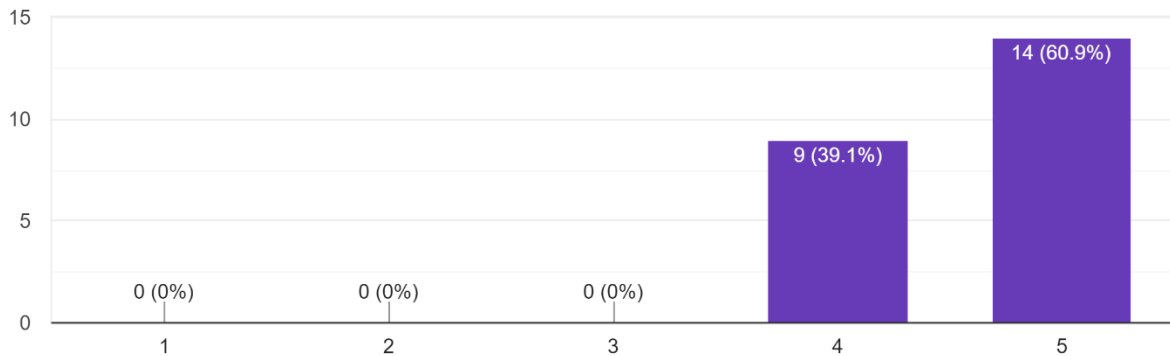
From this gathering of data through the conducted survey, there is much information that can be gathered on the effects of social media marketing on the financial position of SMEs in Lagos

Nigeria. Some of the specific financial performance improvement areas identified by the respondents includes; sales revenue, number of customers, and profit.

A clear indication was given by the respondents whereby 60.9 % pointed that social media marketing had ‘Extremely’ helped to improve their sales revenue. This indicates that at least 50 per cent of the small and medium enterprises noted sales increases that were exclusively due to social media activities. Meanwhile, 39. One percent of respondents considered the contribution as “Very Much” Which indicated that all the sme’s surveyed seen the positive side of social media marketing on sales. Such an agreement instrument is also a powerful proof of the effectiveness of social media focusing on sales and profit-making potential as they help to expand target audiences and translate online communication into actual sales.

To what extent has social media marketing contributed to an increase in your sales revenue?

23 responses



Survey Data Visualization 5: General Impact of Social Media Marketing (Google Forms)

4.2.5 Impact on Customer Base Expansion

The vitality of social media marketing was another strong area experienced in the growth of the customer base. An impressive 73. Regarding customer base, as a result of social media marketing initiatives, 9% of the SMEs said it has “Extremely” increased. Additionally, 26. Among the respondents, 1% said that their customer base has grown very much, further proving that almost all the SMEs have seen their growth in this aspect. SMEs can drastically communicate with their customers through social network sites to achieve a direct and customized marketing presence to

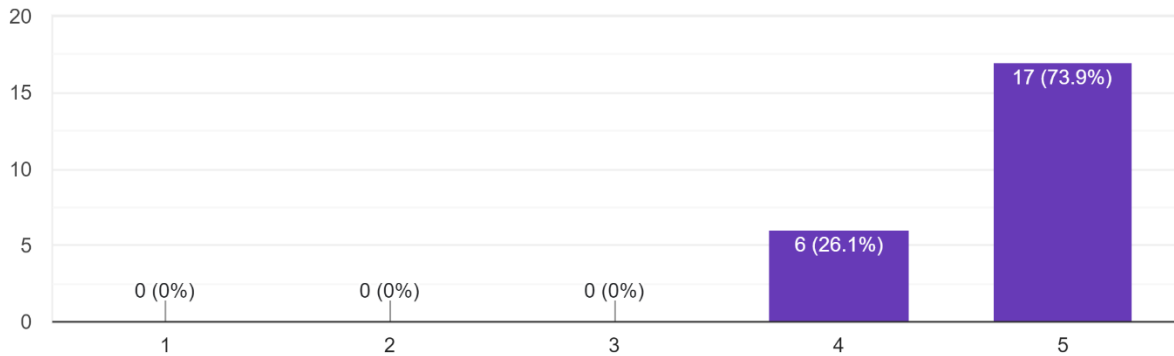
create

customer

loyalty.

How much has your customer base grown as a result of social media marketing?

23 responses



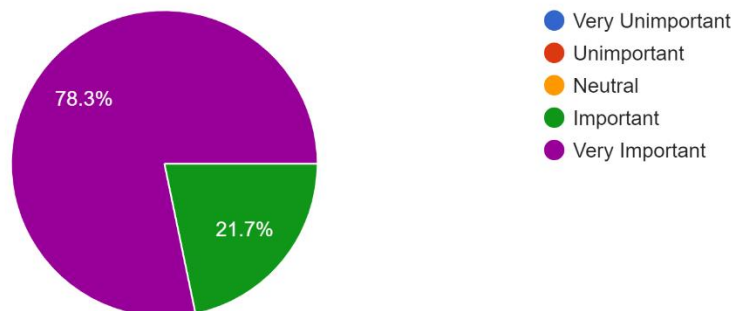
Survey Data Visualization 6: Impact on Customer Base Expansion (Google Forms)

4.2.6 Impact of Social Media Marketing on Profitability

A further component of firms' financial health is the element of profitability that push and pull the use of social media marketing based on the survey conducted among the targeted firms. A majority of 78. Three percent of the respondents said the impact on profitability was "Extremely" important. Meanwhile, 21. Among the respondents for social media marketing, 45% opted for "Moderately", while 7% said "Very Much" Such statistics indicate that an efficient promotional strategy in social media not only results in increased sales and consumers but also profit. This means that social media marketing communication helps SMEs to specifically target consumer segments, incur low costs in marketing and interact with consumers in a way that boosts profitability.

How important is it to have a dedicated social media marketing team for your business?

23 responses



Survey Data Visualization 7: Impact of Social Media Marketing on Profitability (Google Forms)

4.2.7 Impact on Social Media Marketing Effectiveness

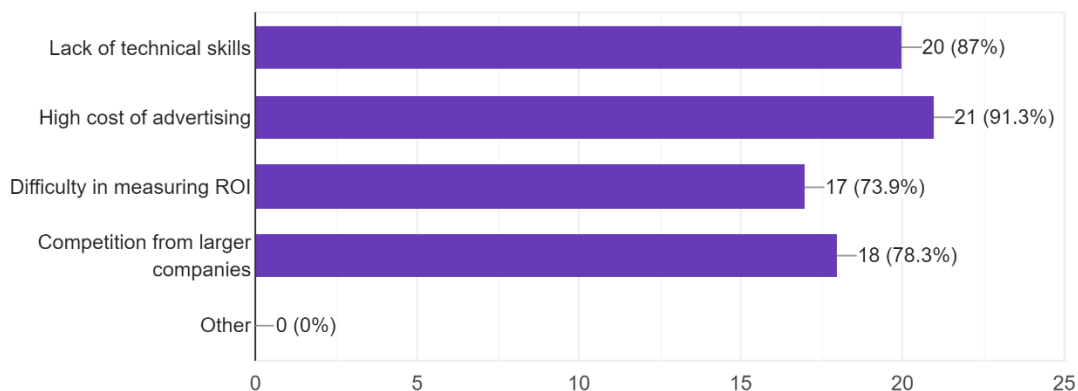
Customer engagement metrics, such as comments, likes, and shares, were also highlighted as key indicators of the success of social media marketing. About 65.2% of respondents rated social media marketing as "Extremely" effective in increasing customer engagement, while 34.8% rated it as "Very Much" effective. High levels of engagement are crucial for SMEs as they foster stronger relationships with customers, encourage brand loyalty, and provide valuable feedback that can inform business strategies. Engaged customers are more likely to make repeat purchases, recommend the business to others, and become advocates for the brand. The results of the survey shown in table 1 above therefore support a comprehensive view of social media marketing for SMEs in Lagos. Hence, it is possible for such businesses to improve a range of their financial performance indicators with the aid of social media platforms. Higher sales revenues, customer reach, operational profits, and customer interaction are the areas suggesting the social media indispensability in today's business initiatives. As evidenced in this data, it is imperative for SMEs to focus their effort on Social Media Marketing and ensure that they create and share good and relevant content as well as engage their followers to ensure better financial results.

4.2.8 Challenges and Opportunities

The findings from the survey then show some of the major barriers experienced by SMEs in the marketing use of social media. favourite barriers that were highlighted by a high percentage of the respondents include lack of technical skills by civil servants at 87% and high cost of advertising at 91. Additionally, 73. 42% of the respondents can easily quantify the outcomes of their social media campaigns while only 9% have some challenge in quantifying the return on investment (ROI) on their social media marketing efforts. 3% said competition from larger organizations as being a major factor. Such issues make the case for future training in digital competency stronger, other forms of cheapness advertising and better methods for the measurement of ROI.

What are the main challenges you face in using social media for marketing? (Select all that apply)

23 responses



Survey Data Visualization 8: Challenges and Opportunities (Google Forms)

Nevertheless, the majority of SME owners understand the benefits of SMM, as they contribute to minimising key competitive advantages. A total of 65. Lack of Sophistication: 2% of the

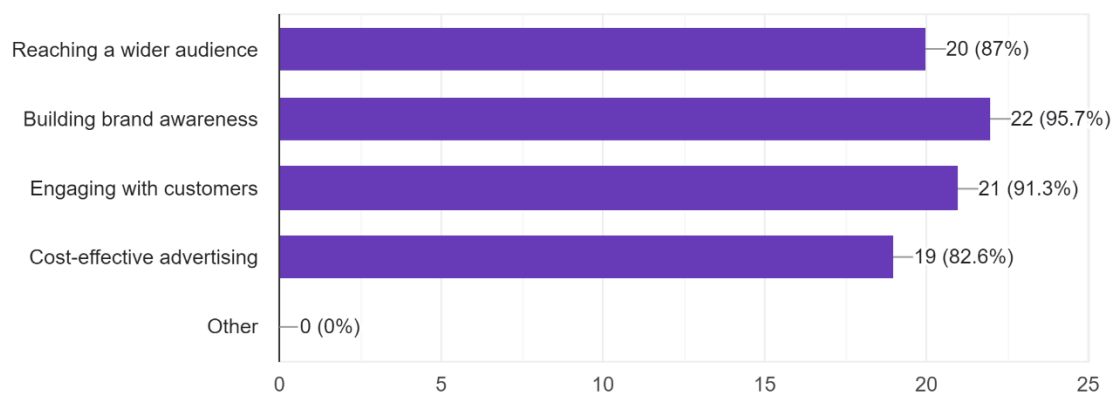
respondents think that social media marketing offers an ‘Extremely’ high competitive edge. 8% considers as ‘Very Much’ beneficial. Such a strong affirmation underlines the importance of social media in the modern business management and development strategies, which help SMEs to build the extended market presence and engage stiff competition in the respective industries.

4.2.9 Opportunities Unlocked

Therefore, the survey also pointed out several opportunities which SME owners have found through their social media marketing. Access to a large number of people and brand promotion were identified by 95. As key advantages, this type of work was mentioned by 7% of respondents as the greatest advantages, while 91. 3% have attributed benefits related to their engagement with customers and 82. 6% have pointed at the cost-effectiveness of this type of advertising. These opportunities show that social media marketing has not only the advantages of the customer reach of potential customers, but also in the development of closer and more personal relationships with customers as well as higher costs savings benefits.

What opportunities have you identified through social media marketing? (Select all that apply)

23 responses



Survey Data Visualization 9: Opportunities Unlocked (Google Forms)

4.2.10 Future Commitment to Social Media Marketing

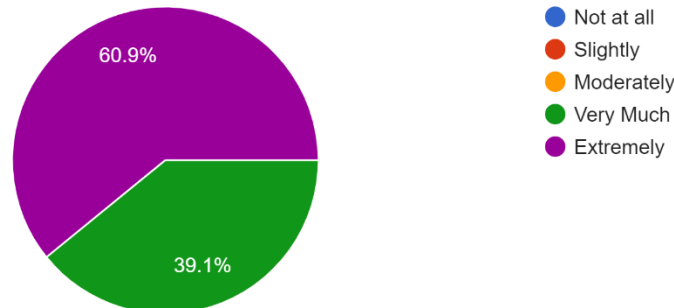
Generally, ensuring the future’s commitment of SMEs will sustain their investment on social media marketing remains encouraging. The survey results show that 65. 2% of the respondents said they are ‘Extremely’ likely to commit more capital to social media marketing with the remaining 34. 8% said they are ‘Very Much’ likely to reuse the service of the company again. This continuous intention of investing has the perception that social media marketing holds value and has a significant position as a part of the value proposition within the small businesses’ strategic plans despite the problems

they

encounter.

How likely are you to continue investing in social media marketing in the future?

23 responses



Survey Data Visualization 10: Future Commitment to Social Media Marketing (Google Forms)

4.3 Discussion of Findings

4.3.1 *Aligning with Research Objectives*

The recommendations of the study therefore show the significance of the research topic and reveal the effect of social media marketing on the financial performance of SMEs in Lagos, Nigeria. High adoption rates and high impact which have been observed are in consonance with global trends thus supporting the assertion that social media is an important element of modern day business strategies. Regarding the first question of assessing the role of social media marketing to sales generation, this study established that 73. When asked how “Extremely” social media marketing benefited their business financial performance, 9% of the respondents answered positively. This research finding is in concord with other studies carried out across the world including those conducted by Adegbuyi et al. , (2015), they found that the right application of social media plays a vital role towards promoting customers’ engagement and sales. Since the case study plan referred to as for examining the extent to which social media sites such as Facebook, Instagram and Twitter impacted on the revenues, the tremendous increase in the level of sales revenue noted tallies with the goal of the study.

On the second aim of this study; the measure at which social media marketing is successful at acting as a tool to market its products, this study has pointed out that the role of social media platforms are central in attracting the attention of clients towards products. The high frequency levels of utilisation of such venues as Facebook, Instagram, and Twitter among the respondents verifies these findings that all inform the proposition that these communication tools are essential in increasing product awareness among Nigeria’s SMEs.

It is also in agreement with the third objective which is to determine the effect of social media marketing on profitability. With 78. As indicated in the survey data visualization 8, 3% of the respondents rated the impact on profitability as being “Extremely” significant Out of the 435 responses, the above data prove that social media marketing has a positive impact on improving financial results. This is in line with the existing research literature that instructs that SM marketing

can significantly translate into improved profitability through extended brand awareness and customer engagement.

The fourth objective which aims to examine the prospects and issues of incorporating social media marketing remains important since it unveils that despite the numerous benefits accruable to SMEs like enhanced customers' interactions and sales, existing challenges like lack of technical know-how and expensive advertising through social media platforms persist. Therefore, it is evident that there is a need to provide additional support to overcome these issues and to fully optimise the opportunities SMMS can provide to SME.

4.3.2 Leveraging Social Media for Competitive Advantage

Based on the outcome of this study, it was established that social media marketing has significant influence on the financial performance of the SMEs in Lagos Nigeria. These statistics and effects observed correlate with international trends thus reaffirming the importance of social media in modern business frameworks. For instance, Adegbuyi et al. (2015) posit that SMEs that describe the strategic use of social media can leverage on it to record significant positive changes in customers' interaction and sales. This accords with this assertion as per this study, 73.9% of the respondents who said social media marketing has "Extremely" enhanced the financial performance of their business.

Following the Barney's (1991 RBV theory) understanding of how and why firms obtain competitive advantage, the employed resources have to be valuable, rare, inimitable, and non-substitutable. Social media capabilities are another type of resources that are found to be related with innovation performance. Flexibility in addressing the customers, relevance of content to the target audience, as well as, real-time tracking of the effectiveness of the marketing strategy are all benefits that place SMEs in a better standing with regards to competitors who use conventional techniques of marketing. However, this competitive edge could be felt in the survey responses where 60% of the respondents opined that they benefited from the availability of a variety of products from the company. An analysis of the results showed that 9% of the respondents said that social media marketing "Extremely" sold more than previous periods in terms of the revenue earned, and 39.1% of the respondents rated the contribution as 'Very Much', while another one percent denied having contributed 'At All'. Digital marketing is increasingly becoming popular across the world according to several researches. For example, Statista (2023) revealed that social media advertising worldwide is expected to be about \$226 billion in 2023 in a trend whose implications show the increase in marketing on online platforms. Compared to the global statistics, Nigeria's statistics can also be found in the Hootsuite and We Are Social (2023) Digital Report which shows that 4.74 billion people turn to social networks, which is 59% of the world's population. These figures cast the broad spectrum of possible audience to which SMEs can appeal when implementing a proper social media strategy.

With regards to the Lagos, Nigeria environment the use of social media platforms by SMEs has revealed positive pattern. According to the survey conducted, it was found out that 95% of the clients. Marketing is conducted on social media platforms, specifically Facebook, Instagram and Twitter with 7% of SMEs active in using it. This shows how important these platforms are in the marketing plan and agenda of the SMEs in the respective countries. In addition, the capability to niche market it within the exploitable demographics on such a platform supports the RBV theory as

the SMEs can create the customized and relevant campaigns, which often lead to better engagement with the targeted customer niche and, consequently, better conversion rates.

4.3.3 Addressing Challenges and Maximizing Opportunities

However, there are several reasons why the advancement of Social Media Marketing has notable barriers to SMEs. From the survey done, 87% of the participants pointed out the lack of technical skills as a major challenge. This is consistent with Peter and Donnelly (2021) they call for a specific training intervention to improve digital skills of the SMEs owners. High advertisement expense was another factor mentioned by 91 per cent. 3% of respondents. This is in line with the recent study by Olowokudejo et al. , (2020) for example, established that due to restricted cash, SMEs cannot address the challenges that come with the competitive market of digital marketing for giants. Moreover, 73% of respondents pointed out the fact that ROI was rather a problem to measure than to calculate. This confirmed with a response of 9% of the SMEs that they had regularly undergone the process of innovation within the last five years. Njelita et al. , 2023 also supported the fact of seeking for several sophisticated methods of analyzing the outcomes of the campaigns on Social media . If these tools are not applied, SMEs may find it very hard initially to manage their marketing and population their resources in the right manner. This challenge is made worse by highly competitive environment since 78. It was only 3% of the SMEs that stated that competition by large firms negates their social media marketing influence.

On the other hand, the study revealed big chances that SMEs can manage for them to overcome the aforementioned challenges. An overwhelming 95. 7% of the respondents said that they understand the importance of the medium in reaching out out many people and marketing their brand. Marketing is another key benefit that entails establishment of brand image and relationship marketing which can be used to level the playing ground. One of the major advantages of social media is that it is a two-way communication which enables SMEs to build close relationship with its customers which is essential in enhancing customer loyalty for constant business revenues.

4.3.4 The Role of Government Policies and Support Programs

The need for supportive government policies and programs is evident in the findings of this study. While social media marketing offers numerous advantages, the barriers identified suggest a critical role for governmental intervention in facilitating digital transformation among SMEs. For instance, 87% of respondents pointed out the lack of technical skills as a significant barrier, and 91.3% highlighted the high cost of advertising. These challenges underscore the importance of governmental support in providing the necessary training and financial aid to SMEs. As highlighted by Isiaka et al. (2022), effective policies can help bridge the gap in digital skills and provide the necessary infrastructure for SMEs to thrive. Government initiatives can include subsidized training programs, grants, and low-interest loans specifically aimed at enhancing digital literacy and capabilities among SME owners and employees. Such interventions are crucial, as they equip SMEs with the skills needed to effectively use social media platforms and analytical tools to measure ROI, a challenge cited by 73.9% of the respondents.

Moreover, government policies can also focus on reducing the competitive pressure from larger companies. Olowokudejo et al. (2020) pointed out that SMEs often struggle to compete with larger firms due to limited resources. Policies that provide tax incentives or subsidies for SMEs engaging in digital marketing can level the playing field, allowing smaller businesses to compete

more effectively. For example, providing grants or subsidies for advertising costs could alleviate the financial burden highlighted by the respondents. Government support can also extend to infrastructure development. Ensuring reliable internet access and technological infrastructure is vital for SMEs to leverage social media marketing effectively. As the study suggests, such interventions could significantly enhance the ability of SMEs to leverage social media marketing for sustained growth. The role of government in facilitating access to advanced technologies and providing platforms for networking and collaboration cannot be overstated.

4.3.5 Longitudinal Impact and Emerging Platforms

The study also points to the importance of longitudinal research to fully understand the long-term impact of social media marketing on SME performance. Current research, such as that by NESG (2022), often emphasizes short-term outcomes, thus leaving a substantial gap in knowledge regarding sustained benefits and long-term efficacy. Even though these analyses contain useful information on the performance of social media marketing, they fail to give the long-lasting outcomes and changes taking place in the subsequent days. Commensurate with this reasoning is the recognition of longitudinal research since it reviews Periodic performance of SMEs so as to give a detailed account of the impact of persistent social media efforts to the constant growth and competitive advantage. For instance, the study employing a longitudinal design could demonstrate how customers' continuous interaction on the social media platforms such as Facebook and Instagram affect the corporate image and customer devotion spanning several years. Such studies might also reveal patterns in customer behavior that SMEs might not have been aware of, thus enabling them to preempt changes to their strategies.

Furthermore, the future usability of platforms such as TikTok remains somewhat unknown within the context of SME marketing. TikTok has the democratic expansion of audiences, new to the majority of companies, and a different format of content presentation. One advantage the platform has is the algorithm that focuses more on the discovery of content, which can greatly improve the position and interaction of manufacturers' brands. However, according to the investigation carried out by Njelita et al., (2023), there is a significant research vacuum that requires empirical testing on how SMEs can use TikTok as a marketing tool. Further research should be conducted on how more recent APPS like TikTok can be incorporated into the overall marketing of SMEs. Such factors involve discovering the kind of content that is most effective in these networks, the populations of the users, and the factors which SMEs should consider in tracking their performance. For example, while the content of TikTok is short and lively videos, incorporating it with the more conventional social media marketing techniques would create a balanced outreach campaign that targets different segments of the market.

4.4 Answering the Research Questions

4.4.1 RQ1. What is the link between social media marketing (Facebook Advert) and the sales of SMEs in Nigeria?

The study found a significant positive link between social media marketing and the sales of SMEs. Specifically, 60.9% of respondents indicated that social media marketing "Extremely" contributed to an increase in their sales revenue, while 39.1% rated the contribution as "Very Much" (See *Survey Data Visualization 5*). This is consistent with the research carried out by Adegbuyi et al. (2015), where authors observed that enterprises which manage to adopt social media in their

operation can benefit from significant increase in sales. Effectiveness of the campaign, possibility to select specific gender, location, age and interests of users and real-time performance analytics is the unique opportunity provided by Facebook Ads for increasing the level of sales of the product among SMEs.

4.4.2 RQ2. How do Instagram adverts influence the sales performance of SMEs in the retail industry in Nigeria?

Instagram adverts have been shown to significantly enhance sales performance among SMEs. According to our study, 73.9% of SMEs reported that their customer base had "Extremely" grown as a result of social media marketing, with Instagram being one of the most utilized platforms (95.7%) (See *Survey Data Visualization 6*). Due to its visual nature accompanied by such functions as Stories and Shopping, between SMEs and users, through Instagram, enhanced conversion rates may be achieved. This is supported by various global trends recorded by Statista (2023) regarding the high engagement rates of Instagram users.

4.4.3 RQ3. What is the relationship between Twitter adverts and the profitability (net profit) of SMEs in Nigeria?

The survey results indicate that Twitter adverts also positively impact the profitability of SMEs. A majority of 78.3% of respondents rated the impact on profitability as "Extremely" significant, while 21.7% rated it as "Very Much" (See *Survey Data Visualization 7*). Twitter's platform allows for real-time engagement and customer service, which can enhance customer satisfaction and loyalty, ultimately driving profitability. Njelita et al. (2023) emphasized the importance of using analytical tools to measure the effectiveness of Twitter campaigns, which helps in optimizing ad spend and increasing ROI.

4.4.4 RQ4. How frequently do SMEs in Nigeria use different social media platforms for marketing purposes?

The study revealed high frequency in the use of various social media platforms among Nigerian SMEs. All respondents reported using social media extensively, with 43.5% indicating "Very Much" and 56.5% indicating "Extremely" (See *Survey Data Visualization 3*). Facebook, Instagram, and Twitter were the most popular platforms, each used by 95.7% of respondents, while LinkedIn was used by 17.4%. This widespread use reflects a strategic approach to social media marketing, aiming to reach diverse audiences and maximize engagement.

4.4.5 RQ5. What are the common challenges faced by Nigerian SMEs in implementing social media marketing strategies?

The common challenges identified include a lack of technical skills (87%), high cost of advertising (91.3%), difficulty in measuring ROI (73.9%), and competition from larger companies (78.3%) (See *Survey Data Visualization 8*). These findings are consistent with those of Peter and Donnelly (2021), who highlighted the need for targeted training programs to enhance digital competencies. Olowokudejo et al. (2020) also noted that financial constraints often hinder SMEs from competing effectively in the digital space. Addressing these challenges through government policies and support programs is crucial for enabling SMEs to fully leverage social media marketing.

4.5 Comparison with Other Previous Studies

Our findings corroborate the work of Adegbuyi et al. (2015), which highlighted that effective social media utilization can lead to significant improvements in customer engagement and sales. In our study, 73.9% of respondents indicated that social media marketing "Extremely" improved their financial performance, underscoring the critical role of digital marketing in driving business growth. Additionally, this research is evidence towards the RBV theory by Barney (1991) where social media capabilities are argued to be valuable and unique resources that give competitive advantage. This theoretical framework was also evident in other older studies such as Peter & Donnelly (2021), where the authors focused on issues such as urging the SMEs to cultivate peculiar skills in their usage of digital resources.

However, our research highlights challenges that resonate with findings from Njelita et al. (2023) and Olowokudejo et al. (2020), who identified common issues faced by SMEs globally, such as limited technical skills and high advertising costs. These challenges illustrate the broader difficulties SMEs encounter, which can hinder their ability to fully capitalize on social media marketing. Additionally, the current study builds on the gaps identified in previous literature. For example, NESG (2022) discussed the short-term impacts of social media marketing on post-purchase behavior, whereas our research suggests a need for more longitudinal studies to better understand the long-term effects of social media marketing on business performance.

Notably, while previous research, such as that of Isiaka et al. (2022), predominantly focused on traditional platforms like Facebook and Instagram, our findings underscore the evolving landscape of social media marketing and the need to explore a wider range of platforms and strategies. This broader perspective can provide a more comprehensive understanding of how various social media channels contribute to business success. Thus, while our study corroborates existing literature in many aspects, it also highlights areas for further exploration, particularly in the context of evolving digital marketing practices and their long-term impacts.

5 Conclusion & Recommendation

5.1 Implications of Findings for the Research Questions

This research has provided significant insights into the impact of social media marketing on the financial performance of SMEs in Lagos, Nigeria. Therefore, the study reveals that the use of social media sites, especially Facebook, Instagram, and twitter leads to better sales revenues, increased customer clientele base, and increased profits. In line with the RBV theory by Barney (1991), the study shows that the identified capabilities of digital marketing do afford SMEs a competitive advantage. Also, the study identifies some significant problems, which include lack of technical knowledge, expensive adver-tising, and inability to quantify return on investment, which if resolved make social media marketing more effective.

5.2 Contributions and Limitations of the Research

This study contributes to the existing body of knowledge by providing empirical evidence on the positive impact of social media marketing on SME performance in Nigeria. It gives a working knowledge of undertaking social media marketing for SMEs and, therefore, improving the business

results. Additionally, the research reveals some barriers and proposes that there is a lack of government funding and training to increase the level of digital literacy. Nevertheless, it is important to note that there are some restrictions in the presented study. It means that the respondents' views might not necessarily capture the experiences of all the SMEs in Lagos given the small sample size of only 23 respondents. Another weakness in the study is that the authors selected only one site for the research, and hence the findings cannot easily be generalized to other sites. Moreover, the current study uses cross-sectional data, which are based on the participants' self-reports only, so there could be some methodological biases. These limits can be countered in the future research by using bigger, more diverse participant pools and following participants over time to assess changes.

5.3 Recommendations for Practice

Based on the findings, several recommendations can be made for SME owners and managers in Nigeria:

1. **Invest in Digital Skills Training:** To address the issue on technical skills, it is recommended that SMEs to provide regular training among its employees so that they will be update with the latest trend in digital marketing as well as the various tools and techniques that could help the organization.
2. **Utilize Advanced Analytical Tools:** Adopting of enhanced analysis can assist SMEs in more effectively assessing web-based community marketing communications' return on investment because they receive more detailed information that indicates tangible returns.
3. **Leverage Multiple Platforms:** Expanding the coverage into the use of different social media can improve reach and interaction providing more balanced marketing campaign across social media.
4. **Engage with Customers:** Interacting with the customers on the social media platform can go a long way in boosting the customers' repeat purchase behaviour as this study shows.

5.4 Recommendations for Future Research

Future research should focus on several areas to build on the findings of this study:

1. **Longitudinal Studies:** Another research limitation pertaining to this study is that the present studies are cross-sectional, thus they are incapable of evaluating the long-term impacts of social media marketing for SMEs. Although this study has filled the gaps on investigating the immediate and short-term effects of social media marketing on businesses, a longitudinal research can also document changes that occur over time to explain modifications in the marketing strategies and impact on businesses in the long run. This will also aid in seeing the ongoing advantages as well as any changes in the efficacy due to changing trends in digital marketing approaches among the business entities.
2. **Exploring Emerging Platforms:** Although the study is centered on the usage of status quo social media platforms including Facebook and Instagram which give us a basic premise, it is crucial to expand the effort by hunting down new tools and trends like TikTok. This way researchers are also able to study and compare the newer platforms that hold more potential for SMEs to target the younger and diversified demographics. This approach will guarantee that SMEs are well placed to be competitive and able to adapt to the dynamic digital environments.

3. **Regional Comparisons:** That is why extending the given research by including more SMEs from other regions may allow for improving the validity of the results and having a better representation of regional peculiarities. Since social media marketing is localized depending on the various cultures, economy, and infrastructures in different regions, then different areas will exhibit different difficulties and potential. Such a comparison will show where demands and tastes vary, so that it can be easier to adapt certain advice and approaches depending on the region.
4. **Impact of Government Policies:** Studying the way of SMEs' engagement with government support programs and policies concerning digitalization can provide important information about the works efficiency. In this manner, by analyzing effects of governmental policies and measures on the SMEs' SMM initiatives, the researchers can offer relevant advice to the governments. This will help in formulation of better policies that enhance the use of digital marketing for growth and competitiveness of SMEs.

5.5 Final Conclusion and Reflections

This research proposal has adequately investigated the impact of social media marketing in increasing the financial profitability of SME's in Lagos, Nigeria, highlighting both key opportunities and the numerous pressures confronting these firms. This paper reveals that social media especially facebook, instagram and twitter is of great benefit to SMEs in increasing their sales and number of customers and thus increasing their profitability. The ability to multitask in the conversation with customers, identifying the right customers to communicate with, and being able to measure nearly instant results is defensible strictly according to the RBV theory of regulations in saying that social media tools are valuable, rare, and difficult to copy resources for SMEs. However, it also highlights upon the key areas that are imperative for the actualisation of SMM in a way that reveals some of the key difficulties that SMEs are most likely to encounter. Lack of technical ability, coupled with the high costs associated to advertising was noted by the percentage of the respondents as the main difficulties. This underlines the need for concrete measures that must be part of which have to be training in new technologies skills must be accompanied by a financial support of the government. The solutions to these problems do not involve providing SMEs with a readily available solution to their existing predicaments but offering them the tools and knowledge that next steps for development are in their hand.

It is in this regard that government policies and support programs equally reign supreme. When trying to close the gap of digital skills and offer the appropriate structures, these interventions can strongly facilitate the use of social media marketing by the SMEs. According to Isiaka et al. (2022), there is the need for supportive policies to enhance digital transformation programs in order to level the playing field between SMEs and large firms. In addition, the opportunities to cut advertising expenses with the help of subsidies or grants can be also remained as one of the main problems, which many SMEs experience.

Reflecting on the broader implications of this study, it is evident that while social media marketing presents substantial opportunities for SMEs, the path to fully realizing these benefits is fraught with challenges that require comprehensive and sustained efforts. Future studies are crucial to demonstrate the effectiveness of the established social media for the marketing of SMEs and to assess the efficiency of the current and recently developing platforms such as TikTok. Other

important research methodologies include Longitudinal Studies that help mainly in analyzing the social media marketing effects and discovering patterns which may help in future strategies. However, as this research unfolded, pragmatic measures necessary for the execution of the recommendations that the study shall present have to be embraced. Due to the dynamic nature of the technological environment in the current world, SME owners and managers should try and offer training for their employees as a continuous process. Source: Analytics tools help evaluate the efficiency of its advertising campaigns and coordinate actions, which contribute to efficient management of marketing budgets.

Consequently, this research demonstrates the following implications for SMEs participating in social media marketing in Lagos, Nigeria. Thus, if SMEs address the challenges described above and take advantage of the existing opportunities of social media platforms, they will be able to reach for sustainable growth and competitive advantage. Thus, the findings of this research shall be useful in ensuring subsequent studies as well as practical approaches are established to enhance the usage of social media to its optimum possibilities within SMEs' marketing strategies for the benefit of the entire economy. Further actions in this direction will guarantee that SMEs are ready to face the challenges of the digital environment and develop in the rather competitive conditions.

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