

Digital Marketing Practices and Sales Performance of Small and Medium Enterprises in Mbarara City, Uganda

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Abstract: This study examined the relationship between digital marketing practices and the sales performance of small and medium enterprises (SMEs) in Mbarara City, Uganda. As digital technologies reshape how customers discover, evaluate, and purchase products, digital marketing has become a critical capability for SMEs seeking to compete and grow. The study investigated how social media marketing, search and content marketing, mobile marketing, and email and customer-relationship marketing relate to sales performance. A cross-sectional survey design with a mixed-methods approach was adopted, and data were collected from 180 SME owners and managers using structured questionnaires and interviews. Descriptive statistics, Pearson correlation, and regression-based path analysis were used. The results revealed a strong positive and significant relationship between digital marketing practices and sales performance ($r = 0.66, p < 0.01$), with the practices jointly explaining 64.0% of the variance in sales performance ($R^2 = 0.640$). Social media marketing and search and content marketing emerged as the strongest predictors. The study concludes that effective digital marketing practices significantly enhance SME sales performance and recommends investment in social media and content marketing, digital-skills development, and reliable connectivity.

Keywords: digital marketing, sales performance, SMEs, social media marketing, content marketing, Mbarara City, Uganda

1.0 Introduction

Small and medium enterprises are the backbone of the Ugandan economy, accounting for the majority of businesses and employment and contributing substantially to gross domestic product (Uganda Bureau of Statistics, 2023). Their sales performance—the volume and value of goods and services they sell—is the immediate determinant of their profitability, growth, and survival. In an increasingly digital economy, the way SMEs market their products has been transformed, and digital marketing has emerged as a critical capability for reaching customers, building relationships, and driving sales (Chaffey & Ellis-Chadwick, 2022).

Digital marketing refers to the use of digital channels and technologies—social media, search engines, websites, mobile applications, email, and customer-relationship platforms—to promote products, engage customers, and generate sales (Kannan & Li, 2021). Unlike traditional marketing, digital marketing offers SMEs affordable, targeted, and measurable means of reaching large and specific audiences, levelling the competitive playing field with larger firms (Chaffey & Ellis-Chadwick, 2022). As Ugandan consumers increasingly use smartphones and social media to discover and evaluate products, the digital marketing practices of SMEs have become closely tied to their sales performance (Katongole & Ahimbisibwe, 2023).

Digital marketing is multidimensional. Social media marketing uses platforms such as Facebook, Instagram, TikTok, and WhatsApp to reach and engage customers (Faridah et al., 2023). Search and content marketing uses search-engine visibility and valuable content to attract and convert customers. Mobile marketing reaches customers through their mobile devices, including mobile-optimised sites and messaging (Kazaara & Nancy, 2026). And email and customer-relationship marketing nurtures customer relationships and repeat business (Kannan & Li, 2021; Chaffey & Ellis-Chadwick, 2022). Each practice is expected to contribute to sales performance, but their relative importance for SMEs in a specific context is an empirical question (Julius & Nancy, 2026).

Mbarara City, a rapidly growing commercial hub in south-western Uganda, hosts a large and diverse population of SMEs operating in a competitive environment (Ahumuza et al., 2025). Many of these enterprises have begun adopting digital marketing, though with varying sophistication and success (Katongole & Ahimbisibwe, 2023). Although the general importance of digital marketing is well established, empirical evidence quantifying its relationship with SME sales performance in Ugandan cities, and disaggregating the effects of specific practices, remains limited (Nabaweesi & Turyahikayo, 2023). This study addresses that gap by examining, through correlation and regression-based path analysis, how social media marketing, search and content marketing, mobile marketing, and email and customer-relationship marketing relate to the sales performance of SMEs in Mbarara City (Julius & Matovu, 2025). The findings are significant for SME owners, business-support organisations, and policymakers. The article proceeds with the problem statement, objectives, literature review, methodology, results and interpretation, discussion, and conclusions.

2.0 Statement of the Problem

Digital marketing offers SMEs affordable and effective means of reaching customers and driving sales, and SMEs in Mbarara City have increasingly adopted digital marketing on the expectation that it will improve their sales performance (Chaffey & Ellis-

Chadwick, 2022). Ideally, effective digital marketing should expand reach, engage customers, and increase sales (Julius & Audrey, 2026). In practice, however, many SMEs in the city continue to experience weak or stagnant sales, and the extent to which digital marketing practices actually account for sales performance has not been established through rigorous empirical research (Katongole & Ahimbisibwe, 2023; Nabaweesi & Turyahikayo, 2023).

SMEs face digital marketing challenges, including limited digital skills, inconsistent implementation, unreliable connectivity, and difficulty measuring returns (Kannan & Li, 2021). These challenges may cause the benefits of digital marketing to be unevenly realised, with some enterprises gaining substantially while others gain little (Paul & Kazaara, 2023). Yet the precise contribution of each digital marketing practice to sales performance remains unclear, hampering effective investment decisions (Sophie & Crispus, 2024). Without such evidence, SMEs risk investing in practices that yield limited returns. If this problem remains unaddressed, SMEs may fail to harness digital opportunities, undermining their sales, growth, and survival, with adverse consequences for employment and the economy (Nelson, Christopher, Teddy, et al., 2022). This study therefore sought to establish the relationship between digital marketing practices and SME sales performance in Mbarara City and to identify the most influential practices.

3.0 Main Objective

The main objective of the study was to examine the relationship between digital marketing practices and the sales performance of small and medium enterprises in Mbarara City, Uganda.

3.1 Specific Objectives

- i. To assess the digital marketing practices adopted by SMEs in Mbarara City.
- ii. To establish the relationship between digital marketing practices (social media marketing, search and content marketing, mobile marketing, and email and customer-relationship marketing) and sales performance.
- iii. To determine the relative contribution of each digital marketing practice to sales performance.

4.0 Literature Review

Research on digital marketing and business performance draws on the resource-based view of the firm, the technology acceptance model, and the customer-engagement framework (Promise et al., 2024). The resource-based view holds that firms achieve competitive advantage through valuable, rare, and inimitable capabilities, and digital marketing capability can constitute such a resource for SMEs (Barney, 2021). The technology acceptance model explains the adoption of digital tools in terms of perceived usefulness and ease of use, informing why and how SMEs adopt digital marketing (Davis, 1989/2021). The customer-engagement framework posits that digital channels drive performance by building engagement, relationships, and loyalty that translate into sales (Kannan & Li, 2021).

Empirical studies broadly confirm a positive relationship between digital marketing and business performance (Sarah & Audrey, 2024). Research across developing and developed economies finds that SMEs adopting digital marketing achieve greater reach, customer engagement, and sales than those relying solely on traditional methods (Chaffey & Ellis-Chadwick, 2022; Kannan & Li, 2021). Studies in East Africa report that digital marketing significantly influences SME performance, though effectiveness is constrained by digital skills, connectivity, and resources (Katongole & Ahimbisibwe, 2023; Nabaweesi & Turyahikayo, 2023).

Social media marketing features prominently as a decisive practice (Winny et al., 2023). Studies show that active, engaging social media presence expands reach, builds brand awareness and customer relationships, and drives sales, particularly among younger, digitally connected consumers (Chaffey & Ellis-Chadwick, 2022). Search and content marketing forms a second theme: visibility in search results and the provision of valuable content attract and convert customers, and research links strong search and content practices to better performance (Kannan & Li, 2021). Mobile marketing constitutes a third theme, since mobile devices are the primary means by which many consumers access digital content, making mobile-optimised marketing important for reach and conversion (Chaffey & Ellis-Chadwick, 2022). Email and customer-relationship marketing forms a fourth theme, nurturing relationships and repeat business, though its role is often supplementary in SME contexts (Kannan & Li, 2021). Despite this body of work, few studies quantify and compare these practices for SMEs in a Ugandan city, a gap this study addresses.

5.0 Methodology

5.1 Research Design

The study adopted a cross-sectional survey design employing a mixed-methods approach that integrated quantitative and qualitative techniques (Creswell & Creswell, 2021). The quantitative strand enabled the measurement of the digital marketing practices and sales performance and the statistical testing of relationships, while the qualitative strand, drawn from interviews with selected

owners, provided contextual depth (Sarah & Audrey, 2024). A cross-sectional design was appropriate because data were collected at a single point in time from a representative sample of SMEs.

5.2 Study Area and Population

The study was conducted in Mbarara City, a commercial hub in south-western Uganda. The target population comprised owners and managers of small and medium enterprises operating in the city across retail, services, and light manufacturing, who make and implement marketing decisions and are best placed to report on digital marketing practices and sales performance (Julius, 2024).

5.3 Sample Size Determination

The sample size was determined using the Krejcie and Morgan (1970) table with reference to the estimated population of registered SMEs in the city, yielding a target of 180 respondents, consistent with the Cochran (1977) formula at a 95% confidence level and a 5% margin of error. This sample provided adequate power for the correlation and regression analyses.

5.4 Sampling Techniques

A combination of stratified and simple random sampling was used. SMEs were first stratified by sector (retail, services, and light manufacturing) to ensure representation across the enterprise mix, and enterprises were then selected within strata using simple random sampling. A small number of owners were selected purposively for follow-up interviews as key informants (Creswell & Creswell, 2021).

5.5 Data Collection Methods and Instruments

A structured, self-administered questionnaire measured the four digital marketing practices—social media marketing, search and content marketing, mobile marketing, and email and customer-relationship marketing—and sales performance, using a five-point Likert scale together with items on sales trends and growth (Christopher & Nelson, 2024). An interview guide was used with selected owners to gather qualitative insights into digital marketing use and its perceived effects on sales. The instruments were pre-tested for clarity and relevance.

5.6 Validity and Reliability

Content validity was established through expert review by specialists in marketing and research methodology, yielding a content validity index above the 0.70 threshold (Amin, 2005). Reliability was assessed through a pilot study in a comparable urban centre, and the Cronbach's alpha for the digital marketing scale was 0.87, indicating high internal consistency.

5.7 Data Analysis

Quantitative data were coded, entered, cleaned, and analysed using SPSS (Nelson, Christopher, & Milton, 2022). Descriptive statistics summarised the practices and sales performance. Pearson's product-moment correlation examined the bivariate relationships, and regression-based path analysis determined the combined predictive power of the practices and the relative contribution of each, generating standardised beta coefficients and R^2 . Qualitative data were analysed thematically and used to corroborate and contextualise the findings (Creswell & Creswell, 2021).

5.8 Ethical Considerations

Informed consent was obtained from all participants, participation was voluntary, and the confidentiality and anonymity of respondents and their businesses were maintained throughout the study. Permission was obtained from relevant local authorities where required (Creswell & Creswell, 2021).

6.0 Results and Interpretation

6.1 Descriptive Statistics

Table 1 presents the descriptive statistics for the digital marketing practices and sales performance based on responses from the 180 participants.

Variable	Mean	Std. Dev.	Interpretation
Social media marketing	3.58	0.80	High
Search and content marketing	3.12	0.87	Moderate
Mobile marketing	3.31	0.84	Moderate
Email and CRM marketing	2.76	0.94	Low
Overall digital marketing	3.19	0.75	Moderate

Sales performance	3.24	0.73	Moderate
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Source: Primary Data, 2025

The descriptive results in Table 1 indicate that the digital marketing practices of SMEs were moderate to high overall (mean 3.19)(Nancy & Audrey, 2026). Social media marketing recorded the highest mean (3.58), reflecting the widespread use of platforms such as Facebook and WhatsApp among SMEs, followed by mobile marketing (3.31) and search and content marketing (3.12), while email and customer-relationship marketing recorded the lowest mean (2.76), indicating that structured relationship marketing was the least developed practice (Kannan & Li, 2021). Sales performance recorded a moderate mean (3.24)(Faridah et al., 2023). The standard deviations indicate meaningful variation among enterprises.

6.2 Correlation Analysis

Pearson correlation was computed to establish the relationships between the digital marketing practices and sales performance (Table 2).

Variable	Sales Performance (r)	Sig. (p)
Social media marketing	0.63	0.000
Search and content marketing	0.59	0.000
Mobile marketing	0.52	0.000
Email and CRM marketing	0.47	0.000
Overall digital marketing	0.66	0.000

Source: Primary Data, 2025

The correlation results in Table 2 show that all four practices were positively and significantly associated with sales performance at the 0.01 level. Overall digital marketing correlated strongly with sales performance ($r = 0.66$, $p < 0.01$), confirming that digital marketing enhances sales, consistent with the resource-based view (Barney, 2021). Social media marketing recorded the strongest individual association ($r = 0.63$), reflecting its centrality to reaching and engaging customers (Chaffey & Ellis-Chadwick, 2022), followed by search and content marketing ($r = 0.59$). Mobile marketing ($r = 0.52$) and email and CRM marketing ($r = 0.47$) were also significant, though more moderate. The consistently positive pattern supports the study's central proposition(Ivan et al., 2023).

6.3 Regression-Based Path Analysis

A regression-based path model was estimated to determine the combined and relative effects of the digital marketing practices on sales performance. Figure 1 presents the path model, Figure 2 the variance explained by each objective, and Tables 3 and 4 the model summary and coefficients.

Path Model: Digital Marketing → Sales Performance

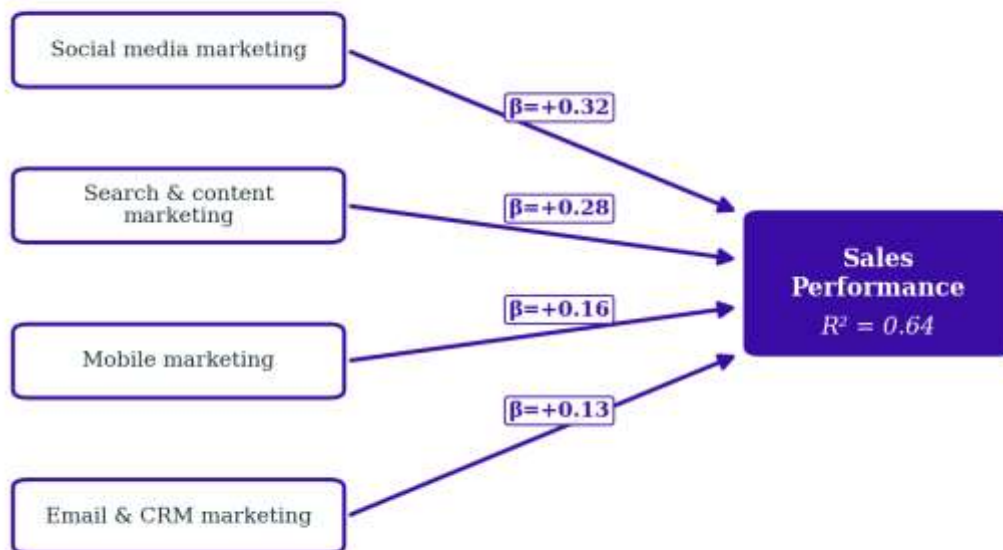


Figure 1: Path model of digital marketing practices and SME sales performance (standardised β , $R^2 = 0.64$).

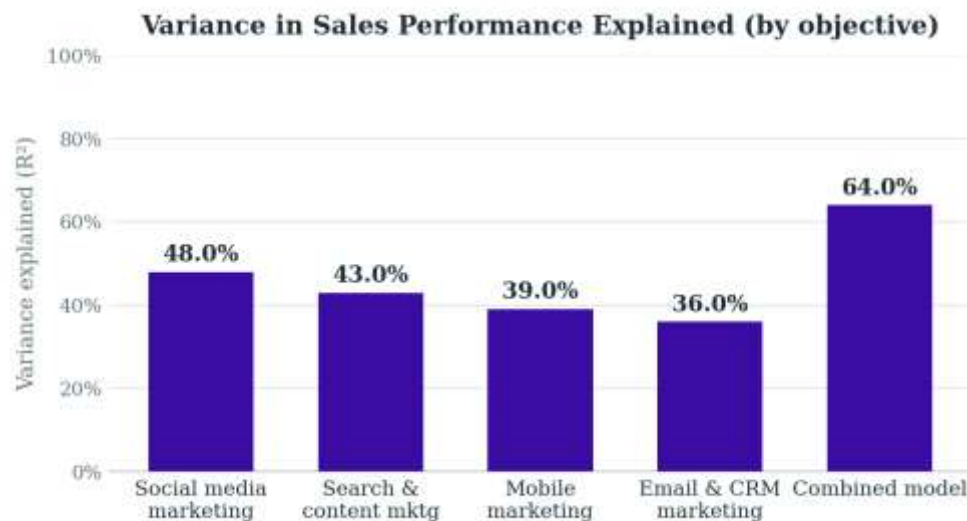


Figure 2: Variance in sales performance explained across the study objectives.

Model Summary		Value	
R		0.800	
R Square		0.640	
Adjusted R Square		0.632	
Std. Error of Estimate		0.447	
F (4, 175)		77.78 (p = 0.000)	
Predictor	Beta (β)	t	Sig. (p)
Social media marketing	0.32	4.82	0.000
Search and content marketing	0.28	4.22	0.000
Mobile marketing	0.16	2.58	0.011
Email and CRM marketing	0.13	2.09	0.038

Source: Primary Data, 2025

The regression model summary in Table 3 indicates that the four practices jointly explained 64.0% of the variance in sales performance ($R^2 = 0.640$), a large proportion establishing digital marketing as a major driver of sales (Ntirandekura et al., 2022). The model was highly significant ($F(4, 175) = 77.78$, $p < 0.01$). The standardised coefficients in Table 4, visualised in Figure 1, show that social media marketing was the strongest predictor ($\beta = 0.32$, $p < 0.01$), followed by search and content marketing ($\beta = 0.28$, $p < 0.01$), while mobile marketing ($\beta = 0.16$, $p < 0.05$) and email and CRM marketing ($\beta = 0.13$, $p < 0.05$) contributed positively but more modestly (Kazaara & Nancy, 2026). The remaining 36.0% of variance reflects factors such as product quality, pricing, competition, and location beyond digital marketing (Julius & Kazaara, 2026).

7.0 Discussion of Results

The findings of this study confirm that digital marketing practices are strongly and significantly related to the sales performance of SMEs in Mbarara City, and they clarify the relative weight of each practice (Ntirandekura et al., 2022). The dominance of social media marketing as the strongest predictor ($\beta = 0.32$) is consistent with the resource-based view, which frames a distinctive marketing capability as a source of competitive advantage, and with a substantial literature identifying social media as the most impactful digital channel for SMEs (Barney, 2021; Chaffey & Ellis-Chadwick, 2022). In the Mbarara context, where consumers increasingly use platforms such as Facebook and WhatsApp to discover products, this finding is intuitive and practically significant: social media offers SMEs an affordable, high-reach means of engaging customers, and the interviews confirmed that owners regarded it as their most effective marketing tool (Julius & Matovu, 2025).

The strong effect of search and content marketing ($\beta = 0.28$) indicates that visibility and valuable content also materially drive sales, consistent with the customer-engagement framework's emphasis on attracting and converting customers through relevant information (Kannan & Li, 2021). This suggests that SMEs able to move beyond promotional posts towards genuine content and search visibility can further enhance performance, an area the interviews suggested was underdeveloped among many enterprises.

The more modest but significant contributions of mobile marketing ($\beta = 0.16$) and email and customer-relationship marketing ($\beta = 0.13$) are theoretically expected and practically instructive. Notably, email and CRM marketing were both the lowest-rated practice descriptively and the weakest predictor, indicating that structured relationship marketing is both underused and, currently, less impactful for these SMEs (Oscar et al., 2023). This convergence suggests a developmental opportunity: as enterprises mature digitally, investment in customer-relationship marketing could build repeat business and customer loyalty that are currently under-exploited (Kannan & Li, 2021). The modest coefficient for mobile marketing likely reflects that much mobile engagement already occurs through social media platforms, blurring the boundary between the two practices.

Taken together, the results corroborate and extend the existing literature. They corroborate the established importance of social media and content marketing, and they extend understanding by quantifying, for SMEs in a secondary Ugandan city, the relative weight of each practice (Benard, 2023). The practical implication is that the greatest gains in sales are likely to come from strengthening social media and search and content marketing, with customer-relationship marketing representing a promising area for future development—a prioritisation with clear value for SME owners and business-support programmes (Katongole & Ahimbisibwe, 2023).

8.0 Conclusion and Recommendations

The study concludes that digital marketing practices have a strong, positive, and significant relationship with the sales performance of SMEs in Mbarara City, with social media marketing and search and content marketing being the most influential. It is recommended that SMEs invest in active, engaging social media marketing (Chaffey & Ellis-Chadwick, 2022); develop search visibility and valuable content (Kannan & Li, 2021); build digital-marketing skills through training; strengthen customer-relationship marketing to build repeat business; and ensure reliable connectivity and mobile-optimised presence. Business-support organisations and policymakers should facilitate digital-skills development and affordable connectivity. Future research could employ objective sales data and longitudinal designs to further establish causality.

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