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RELEVANCE OF DIGITAL MARKETING FOR THE PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES: THE CASE OF THE PORTUGUESE FOOTWEAR SECTOR

Abstract:

Digital marketing is increasingly essential for the competitiveness of small and medium-sized enterprises (SMEs), particularly in key economic sectors. This paper focuses on the Portuguese footwear industry, dominated by SMEs, to examine the role and effects of digital marketing on business performance. Through qualitative research, including in-depth interviews with managers from five leading companies, we assess how these firms have adopted digital marketing and the impact of such practices. Many SMEs show hesitancy towards digital transformation in marketing, often due to limitations inherent in their business structures and models. This reluctance may compromise their competitive advantage and long-term viability. Given the critical importance of the footwear sector to Portugal's economy, it is vital to understand the factors driving or impeding digital marketing adoption. Our findings indicate that digital marketing substantially boosts the performance of SMEs within this industry. Despite initial resistance, those adopting these practices have seen marked improvements in competitiveness and market positioning. The paper concludes with a call for further research into integrating digital marketing in SMEs, emphasizing its potential to transform business success. These insights provide a foundational reference for future studies on digital marketing strategies and their operational implications in similar sectors dominated by SMEs.

Keywords:

Business Digitalization, Competitive Advantage, Digital Marketing, Footwear Industry, Small and Medium-sized Enterprises Performance

JEL Classification: L25, M31, O33

Introduction¹

Digital marketing has become a significant area of focus, as various authors across different contexts have analyzed its application and impact. Key contributions by Kotler et al. (2017) and Jadhav et al. (2023) have notably advanced the practice of marketing, emphasizing the critical role of digitalization and new technologies. According to Kajale & Joshi (2021), the digital economy notably enhances competitiveness through technological transformations where digital marketing plays a crucial role in user development and retention. This paper investigates digital marketing's multifaceted role and tools in enhancing SME performance within the Portuguese footwear sector. However, the findings from this case study may not be generalizable. This study aims to bridge a knowledge gap, providing insights that could influence management decisions and resource allocation within the involved companies. In Portugal, where SMEs constitute 99.9% of businesses (PORDATA, 2022), studying the impact of digital marketing in this context is both relevant and timely. These enterprises face challenges such as the demand for personalized products, efficient business processes, and robust supply chains. Digitalization is crucial in addressing these issues, as emphasized by Alma Çallı & Çallı (2021), who note that staying competitive necessitates digital transformation. Furthermore, Ghobakhloo and Ching (2019) observed that digital technologies enhance performance by optimizing sales and improving relationships with customers and suppliers. Eller et al. (2020) support these findings, noting that digital tools facilitate consumer interactions and reduce costs, thereby boosting financial success. The COVID-19 pandemic underscored the necessity of adopting new technologies, with Guo et al. (2020) finding that SMEs' digitalization efforts help them navigate public crises. Given the footwear sector's significant economic role, it is vital to explore how digital marketing affects SME performance within this industry.

The research problem addressed is: "How and why are digital marketing practices important for the performance of SMEs in the Portuguese footwear sector?". A qualitative, exploratory, and descriptive study was conducted to understand the digital marketing strategies employed by these SMEs, their goals, and the impact on organizational performance, considering various tools involved. The primary goal is to discern how these practices and perceptions influence the performance of the studied companies.

1. Literature review

1.1 Digital Marketing Nature

Digital marketing encompasses a variety of practices aimed at engaging with customers through digital technologies. Chaffey (2012) describes it as leveraging technology to deepen consumer insights and address their needs more effectively. According to Piñeiro-Otero & Martínez-Rolán (2016, p. 38), it involves extending traditional marketing techniques to the digital environment,

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such as the internet. This expansion has been crucial as the internet has grown integral to organizational and daily human activities. Saura et al. (2017, p. 1) point out that digital marketing transcends transactional functions, influencing changes at both the commercial level and within microeconomic practices, thereby necessitating updates to both marketing theory and practice. Kotler et al. (2017, p. 10) predict a future blending of digital and traditional marketing due to ongoing technological convergence. The necessity for rapid digital adoption was further accelerated by the COVID-19 pandemic, as described by Kotler et al. (2021), where businesses globally had to pivot to digital methods due to lockdowns and social distancing. Ghai and Rahman (2018, p. 19) and Bala and Verma (2018) both discuss how digital marketing integrates multiple digital channels to perform marketing tasks, making it a dynamic and continuously evolving field, especially highlighted by the shift toward online platforms.

1.2 Digital Marketing Tools

A variety of tools underpin digital marketing strategies. Piñeiro-Otero & Martínez-Rolán (2016) discuss foundational tools such as e-commerce and affiliate marketing, which leverage the internet for commercial transactions and commission-based partnerships, respectively. Bala and Verma (2018) outline essential digital marketing tools including Search Engine Optimization, which enhances website visibility and organic search rankings; Search Engine Marketing, which drives traffic through paid ads; and Content Creation, critical for engaging and retaining customer attention across multiple formats like blogs, videos, and social media. They also mention Social Media Marketing and Email Marketing as strategies to direct traffic and communicate directly with potential customers. Rautela (2020) introduces modern digital tools such as Artificial Intelligence in marketing and Customer Relationship Management systems that facilitate personalized customer experiences and efficient data management.

1.3 SMEs: Definition and Specifics of Management and Marketing Practices

Small and Medium-sized Enterprises (SMEs) are defined by the OECD as businesses with fewer than 250 employees and either an annual turnover not exceeding EUR 50 million or a balance sheet total not exceeding EUR 43 million. These entities constitute approximately 90% of businesses worldwide and employ a significant portion of the workforce, indicating their pivotal role in global economics (Pula & Berisha, 2015). SMEs are distinct from larger enterprises in their operational and managerial flexibility, often characterized by less formalized business structures and more rapid response capabilities to market changes (Carson et al., 2004; Tavares, 2015). However, these advantages can sometimes lead to inconsistent decision-making due to the informal nature of their management practices. In the realm of digital marketing, SMEs face unique challenges such as limited financial resources and digital literacy, which can impede their ability to adopt advanced digital marketing technologies (Kovalenko & Kuzmenko, 2020). Yet, the integration of traditional and digital marketing strategies can significantly enhance their ability to meet consumer needs effectively, thereby supporting both growth and sustainability in a competitive market environment (Bala & Verma, 2018; Dumitriu et al., 2019).

2. Methodology

This study aimed to explore a contemporary management phenomenon using a qualitative methodology, which is particularly exploratory and descriptive. Following Yin's (2017)

recommendation, this approach is well-suited for gaining an understanding of specific events. Accordingly, five in-depth case studies were undertaken, involving detailed interviews with managers from select companies. The goal was to collect insights on their marketing strategies and practices, and to understand their perceptions of digital marketing's role and impact on company performance. The companies selected for this research were identified with the assistance of APICCAPS - the Portuguese Association of Footwear, Components, Leather Goods, and Related Products Manufacturers. This organization recommended several reference companies, five of which agreed to participate. It is important to note that these companies were chosen not for their representativeness of the entire Portuguese footwear sector, but rather for their potential to provide a broad overview of the sector's marketing landscape.

For data analysis, we employed Qualitative Content Analysis as described by Hsieh & Shannon (2005). This method involves systematic coding of textual data to identify recurring themes and patterns. NVivo12 software was utilized to support a rigorous and systematic analysis. To ensure robustness in our findings, we used data triangulation, integrating evidence from multiple sources. Primary data were gathered through interviews, complemented by reviews of relevant online content, including company websites, social media platforms (Facebook, Instagram, LinkedIn), and news articles. Interviews were conducted face-to-face, supported by an interview script and fully recorded with the participants' consent. The interviews focused on three fundamental areas: a) Company background, b) Perceptions and practices related to digital marketing to understand its strategic role and operational impact, and c) Conclusion of the interview. The research was structured around the following research questions:

Q1: How do marketing managers within SMEs perceive and describe marketing?

Q1a: What value and characteristics do they attribute to marketing?

Q1b: How has marketing evolved within this sector?

Q2: What are the typical behaviors and operational modes of SMEs implementing marketing?

Q2a: Who makes marketing decisions, and how?

Q2b: How are marketing initiatives managed and executed within SMEs?

Q3: How and why is digital marketing utilized in SMEs?

Q3a: What specific digital marketing activities are employed, and in what manner?

Q3b: What importance do SMEs place on digital marketing practices?

Q4: How are the outcomes of digital marketing efforts assessed and monitored within SMEs?

Q4a: What metrics are utilized to track digital marketing activities?

Q4b: For what purposes and in what ways are the outcomes evaluated?

Q5: How do marketing managers view the impact of digital marketing on SME performance?

Q5a: What factors are deemed crucial for the success of digital marketing?

Q5b: What are the perceptions regarding the return on investment from digital marketing?

3. Data analysis and discussion

The analysis and discussion are conducted with respect to each research question and are illustrated with excerpts that highlight the participants' views on each topic.

Q1) How do marketing managers in the context of small and medium-sized enterprises (SMEs) perceive and describe marketing?

Q1a) What characteristics and value do they attribute to marketing?

Based on the analysis of the collected data, marketing is principally characterized by its dual role: (i) serving as a communication channel with customers, and (ii) acting as a tool to promote and sell a brand or product. Marketing is recognized as essential for increasing brand visibility among potential consumers and influencing their purchasing decisions. This diverges from traditional methods such as direct customer visits and sales. The value of marketing is seen in its capacity to enhance brand awareness and drive consumer purchases. The literature supports this view, suggesting that marketing effectively combines various means and channels to promote products and services, meet customer needs, and achieve organizational goals. The findings affirm that the companies' understanding of marketing aligns well with established theoretical frameworks.

Q1b) How has marketing evolved in this segment?

The evolution of marketing in the SME sector is moving towards greater digitalization. Initially, marketing efforts heavily relied on direct methods like in-person customer interactions and participation in trade fairs. However, with the digital environment's growth, companies have recognized its benefits and shifted focus towards online strategies. The transition is illustrated through participant quotes presented in Table 1, which was compiled based on the study's findings.

Table 1 - Examples of testimonials: Evolution of Marketing

"Until now, most of our business was - and still is - retail, where there isn't a significant need to communicate with the end customer because in practice we don't sell to them. However, things are starting to change a bit with the evolution of our online store and presence on marketplaces, which has led us to invest more time and resources in this area." [Company A]

"We participate in trade fairs, have a digital catalog, and maintain a website where our entire collection is accessible with a password, alongside visits to customers." [Company C]

"Currently, virtually all of our marketing (99%) is digital." [Company E]

Source: Author's own elaboration

The data indicate that while traditional marketing practices continue, there is a clear trend among the studied SMEs towards integrating digital strategies. These companies are progressively adopting digital tools and platforms, enhancing their online presence without completely discarding established direct marketing approaches.

Q2) How is the behavior and operation of SMEs that implement marketing characterized?

Q2a) How and by whom are marketing decisions made?

In SMEs, marketing decisions are generally made through a collaborative process. The composition of the decision-making group can vary, covering aspects from choosing media and channels to setting budgets and allocating resources. Management plays a significant role in these decisions, often taking a hands-on approach. Unlike larger organizations, it is uncommon for SMEs to have internal marketing experts actively involved in these decisions. Instead, SMEs frequently opt to outsource their marketing activities to specialized agencies and external companies. This approach allows them to leverage expert skills and insights in both the strategizing and execution phases of their marketing efforts, as revealed in these excerpts (Table 2):

Table 2 - Examples of testimonials: Decision Making

"Since we do not have a structured plan, and we are starting to invest more now, the decisions tend to be almost spontaneous, with some discussed in meetings with the responsible agency, while others are very improvised, stemming from the lack of planning." [Company A]
"Decisions are made by the group assigned to these functions, always starting from management." [Company B]
"We always have a group of people: stylist, modeler, commercial staff, etc., who participate in marketing decisions." [Company C]
"Decisions are collective, arising from discussions among the entire team—both internal and external—dedicated to the matter, through data analysis carried out in meetings as needs and unforeseen events arise (e.g., war) – aside from the already scheduled quarterly meeting." [Company D]

Source: Author's own elaboration

The literature review supports these observations, highlighting that marketing decision-making in SMEs is usually informal and predominantly involves senior members such as owners or managers. These findings confirm that decision-making across SMEs involves a variety of organizational roles, mainly from management, emphasizing the need for strategic informality in their marketing practices.

Q2b) How are marketing actions managed and implemented in SMEs?

In the management and implementation of marketing within SMEs, two distinct approaches were identified: Ad Hoc Implementation: some SMEs do not formally plan their marketing activities; instead, they rely on intuition and immediate needs, addressing marketing tasks as they arise; Structured Planning: other SMEs employ a structured approach, setting defined review and adaptation periods which guide the implementation of their marketing actions, and clearly establish objectives, methods, and resources. Regarding the actual implementation, there is a division between SMEs that outsource these tasks to external entities and those that handle them internally. The methods of implementation vary, but common tactics include participating in exhibitions/fairs, using specialized packaging, creating physical and/or online catalogs, and leveraging social media platforms. The literature review supports these findings, suggesting that marketing in SMEs tends to be informal and unplanned, often constrained by limited technical-operational expertise and the availability of human resources, particularly in digital marketing. Empirical evidence further reveals that SMEs typically react to immediate opportunities and

circumstances, frequently engaging consultants or specialized marketing firms for operational support.

Q3) How and why has digital marketing been used in SMEs?

Q3a) What digital marketing activities have been implemented, and in what way?

Data analysis indicates that SMEs adopt a holistic approach to digital marketing, opting for multi-channel strategies that employ a variety of digital tools concurrently. This approach is detailed in Table 3, illustrating the diverse digital marketing activities utilized by them.

Table 3 - Channels Used for Digital Marketing

<i>Company</i>	<i>Social Media</i>	<i>E-mail</i>	<i>Search Engine</i>	<i>Online sales platform</i>
A	x	x	x	x
B	x			x
C				x
D	x	x	x	x
E	x	x	x	x

Source: Author's own elaboration

E-commerce was identified as a crucial component of digital marketing for the enterprises examined, providing immediate financial returns from online sales. The importance of Search Engine Optimization, Search Engine Marketing, and email marketing was also emphasized by interviewees as key to their companies' digital marketing efforts. Common digital marketing activities employed include: social media management (primarily through platforms like Facebook and Instagram, focusing on content creation); digital advertising (Utilizing Google Ads and Facebook Ads); email marketing (implementing newsletters and automated campaigns), and influencer partnerships (Collaborating with digital influencers to boost brand visibility and engagement). The primary focus of these digital marketing efforts is on product promotion, aiming to drive sales. Products are frequently highlighted in various digital marketing initiatives, while brand-related information—such as the value proposition, production processes, and the brand's story—is also leveraged to enhance visibility and attract potential consumers. Regarding the implementation of digital marketing activities, there is a strong emphasis on aligning with the seasonality and business cycles of the industry. Companies strategically intensify their marketing efforts around thematic and commemorative dates, often incorporating promotions or collaborations with digital personalities. This strategy is particularly pronounced during product launches or new collection introductions.

While the operational aspects of digital marketing are typically outsourced to external agencies, the targeting of campaigns is a collaborative process. The target audience is defined internally, in partnership with the outsourcing company, based on sociodemographic and geographic

characteristics. These strategies and their impacts are further elucidated through specific quotations presented in Table 4.

Table 4 - Examples of testimonials: Definition of the Target Audience

<p>"Age range is an important criterion. We also use gender distinction, as well as some demographic data, such as whether or not they have children, since we have children's models. We also consider interest in other brands." [Company A]</p> <p>"We had our first segmentation using demographic characteristics, and then we refined it based on interests. We also took into account geolocation, as segmentation does not work the same everywhere, requiring us to adapt the segmentation variables to each geography." [Company E]</p>

Source: Author's own elaboration

The literature review revealed that sales orientation is a pivotal element of marketing strategies in SMEs. This review aligns with the data collected, which highlights online sales as a predominant focus within digital marketing strategies, placing products at the core of all marketing initiatives. However, the importance of cultivating customer relationships is also emphasized both in literature and observed practices. Targeted companies actively work to define their audiences precisely, enabling personalized communication and fostering valuable business connections. Furthermore, the literature underscores the necessity of maintaining an active and dynamic presence across multiple digital channels. This approach is designed to keep the audience engaged and to facilitate interactions with the brand or company. Reflecting this strategic imperative, the digital marketing efforts of the SMEs studied adopt a multichannel approach, demonstrating both awareness of and responsiveness to the evolving dynamics of customer engagement in digital environments.

Q3b) What role and level of importance do SMEs attribute to digital marketing practices?

The empirical evidence strongly indicates that the predominant goal of digital marketing within the SMEs studied is to drive sales. These firms are intensely focused on attracting potential consumers to their online stores to facilitate purchases. Beyond driving sales, these companies also prioritize brand awareness, seeking to enhance their brands' recognition and reputation within the market. Another significant objective of digital marketing strategies is geographic expansion. The interviewees noted that digital marketing plays a crucial role in the internationalization of their brands. It helps in both increasing brand recognition across borders and boosting sales without the substantial costs associated with establishing physical infrastructures. Digital marketing effectively eliminates geographic barriers, offering a cost-efficient pathway to global markets. In terms of priority, following insights from sub-question Q1b, the importance of digital marketing within SME marketing strategies is growing increasingly significant. The data reveal that SMEs are investing more trust and resources into digital marketing, recognizing it as an effective tool to reach a broader audience. To illustrate, Table 5 features quotes from marketing managers from each case study, discussing the significance of digital marketing in their operations.

Table 5 - Examples of testimonials : Role and Importance of Digital Marketing

"Almost all of our marketing is digital. On one hand, it turns out to be one of the most effective ways to reach a larger number of people. Digital is everywhere, making it much easier to reach a maximum number of people than, for example, having a billboard in a specific location. Things are evolving more and more towards a digital perspective, so I think people are much more receptive to everything that comes from this medium, compared to physical means." [Company A]

"(...) without digital tools, it would be much more difficult to attract customers to our online store. To maintain an online store and grow it, digital marketing is crucial." [Company A]

"The ease of covering a more global market, in geographical terms. A reduction in costs to achieve certain goals. A more global awareness of the company by consumers in a global panorama." [Company B]

"Faster and more efficient communication with the customer. We have already had orders through the website, always from existing customers. Digital marketing will allow us to reduce travel and costs, as well as decrease our environmental impact (less production of samples)." [Company C]

Source: Author's own elaboration

The literature review underscores the crucial role of digital presence in the long-term success of SMEs. It highlights that digital marketing significantly influences purchase intentions and, consequently, sales volumes. This finding is corroborated by the practices of the SMEs examined in this study, which have prioritized sales volume as the primary objective of their digital marketing efforts, consistent with theoretical perspectives. Additionally, the literature suggests that digital marketing plays a key role in enhancing consumer retention and satisfaction. The strategies employed by the studied companies reflect this view, aiming to establish market notoriety and enhance brand recognition. Moreover, the cost-effectiveness of digital marketing is also emphasized in the literature and acknowledged by the SMEs studied as a significant benefit, contributing to overall business efficiency. The preference for innovative, primarily digital approaches is advocated in the scholarly work as beneficial for SMEs, particularly because technological adoption can facilitate sustainable development and innovative problem-solving. The empirical data gathered support this assertion, with the companies under study affirming the value and importance of digital marketing in achieving their strategic objectives.

Q4) How are the results from digital marketing actions evaluated and monitored in SMEs?

Q4a) What metrics are used to monitor digital marketing actions?

The analysis of the collected data revealed that SMEs utilize a comprehensive set of metrics to monitor and assess the effectiveness of their digital marketing efforts. The most significant of these metrics is the Return on Investment (ROI). ROI is crucial as it quantifies the financial benefits derived from investments in digital marketing, thus playing a central role in the evaluation process. In addition to ROI, SMEs employ specific online metrics to gauge the success of their digital marketing activities. These include impressions, which measure the number of times an ad is seen; conversions, which track the number of times an ad leads to a desired action; traffic,

which monitors the volume of visitors to a site; user experience metrics, which assess satisfaction with the site; and behavior flow, which analyzes the paths users take within the site. The data also indicate that SMEs tailor their use of these metrics to each specific marketing action and channel, demonstrating a strategic approach to digital marketing evaluation. The various metrics used and their applications are indicated in Table 6.

Table 6 - Examples of testimonials: Metrics for Monitoring Actions

"It depends a bit on the actions, for example, in ads we can measure everything—reach, impressions, etc.—and there it's easy to see the results even though we don't know what would be optimal, but then we have all the marketing actions that are quite difficult to measure, like influencer marketing." [Company A]

"It very much depends on the action—each has its metrics—for example, a campaign to launch a new collection is evaluated very differently from a thematic campaign." [Company D]

"We perform analyses using Facebook Business, Google Analytics, and Shopify Analytics to view various metrics, analyzing specific metrics from each. We aggregate all the data into weekly reports, which include an analysis of the sales funnel." [Company E]

Source: Author's own elaboration

The literature underscores the importance of meticulous and rigorous evaluation of digital marketing actions to determine their efficiency and effectiveness in meeting organizational goals. Correspondingly, the data collected from the target companies revealed that they employ a variety of metrics - both quantitative and qualitative - to monitor and evaluate their digital marketing efforts, aligning well with the theoretical framework suggested.

Q4b) How and with what intent do companies evaluate the results of their digital marketing?

The approach to evaluating digital marketing in the studied cases varies primarily in terms of frequency. Companies choose to assess their digital marketing results on a weekly, monthly, or quarterly basis, with the frequency determined in collaboration with the agency responsible for operationalizing these actions. Regarding the format of these evaluations, there is a preference for conducting meetings between the internal teams and external digital marketing providers to review the metrics and results collectively. There is a consensus among the interviewees about the purpose of these evaluations. They indicated that the process is essential for guiding future marketing strategies, enabling them to make informed and strategic decisions. This aligns with the literature, which advocates that the evaluation of digital marketing should facilitate an understanding of outcomes to support informed decision-making. This intent was echoed by the companies studied, which emphasized the role of evaluation in enhancing the effectiveness of future digital marketing initiatives.

Q5) How is the impact of digital marketing on SME results viewed?

Q5a) What factors are considered determinative for the success of digital marketing?

The primary determinant of digital marketing success identified by the interviewees is the financial ROI. This measure is crucial as it directly affects the feasibility of future investments in digital

marketing. SMEs, characterized by their limited financial capacity, require that the ROI from digital marketing actions meet or exceed a minimum expected threshold to justify continued expenditure in this area. It is notable that the implementation of effective digital marketing strategies often demands significant investment. The interviewees frequently cited the high initial investment required to execute desired digital marketing actions as a challenge, particularly given the financial constraints typical of this business segment. Besides financial returns, other objectives such as enhancing brand recognition and improving customer satisfaction are also considered important indicators of success. These goals are essential for long-term brand viability and are viewed as critical success metrics in the online marketing environment (refer to Table 7).

Table 7 - Examples of testimonials: Critical Success Factors

<p>"(...) if we had a return on the investment we made, which is extremely important, given that without it, it becomes difficult to continue investing." [Company A]</p> <p>"What determines success is indeed the return on investment." [Company E]</p> <p>"(...) as KPIs, we identified conversions (monthly and annual numbers) and ROI, since what matters to us as a company is how much we sell and what return we obtained." [Company E]</p>

Source: Author's own elaboration

The collected evidence supports the theoretical framework, confirming that marketing managers deem Return on Investment (ROI) an essential metric for the success of digital marketing initiatives. The emphasis on ROI is primarily due to the limited financial autonomy typical of SMEs, which necessitates careful investment decisions.

Q5b) How do marketing managers perceive the return on investment from digital marketing?

Empirical data indicate that the interviewees generally express satisfaction with the ROI achieved through their digital marketing efforts. This positive feedback underscores the efficacy of digital marketing strategies in meeting or exceeding the financial expectations set by these companies (Table 8).

Table 8 - Examples of testimonials: Return on Investment

<p>"The first year was a year of adaptation between both teams, while the second year, with the emergence of the pandemic, was a real challenge, resulting in a 200% increase in online sales volume and, consequently, profit. The main obstacle was indeed the pandemic, as well as the significant investment it requires." [Company D]</p> <p>"The return has been exceptional; over the past two years, the return has been brilliant." [Company D]</p> <p>"We weren't bringing in enough people to the website; conversion rates were much lower than the market reference rates, which forced us to make a significant investment effort to bring people to the site so we could market ourselves and make ourselves known. This incurred very high costs." [Company E]</p> <p>"We still have a low ROI, very low conversion rates. It's very costly." [Company E]</p>

Source: Author's own elaboration

The literature review highlights that SMEs can secure numerous commercial advantages, such as increased profitability, by adopting effective digital marketing strategies. Empirical research corroborates this, demonstrating that the SMEs examined experienced notable enhancements in financial performance directly attributed to their digital marketing initiatives. However, it is crucial to acknowledge that the companies involved in the study reported significant investment requirements as a prerequisite for achieving the desired outcomes from their digital marketing strategies.

4. Conclusion

The analysis of data from this study indicates that SMEs in the Portuguese footwear sector increasingly recognize the benefits of digital marketing for enhancing their performance. As digital technologies advance, SMEs have significantly increased their investment in digital marketing strategies, allocating considerable financial and human resources to online initiatives. Addressing the research question, "How and why are digital marketing practices important for the performance of SMEs in the Portuguese footwear sector?", the findings suggest that digital presence is becoming essential. The Internet has fundamentally altered aspects of business such as brand perception, pricing, distribution, and promotion. Companies absent from these digital channels are at a competitive disadvantage. Digital marketing enables the attraction of a broad consumer base by allowing personalized and effective communication through various media and tools, thereby facilitating the purchasing process and optimizing return on investment (ROI). It also removes physical and communicational barriers between consumers and organizations, strengthening brand value and enhancing purchase intentions. Given the structural and managerial challenges SMEs face, digital marketing emerges as a key enabler of commercial benefits and performance improvement across financial, commercial, and operational levels. With the footwear sector playing a crucial role in the Portuguese economy, the adoption of effective digital marketing strategies is paramount.

Recommendations for Future Research

To further understand the impact of digital marketing on SME performance, the following areas could be explored in future studies: Longitudinal Studies: conduct longitudinal research to monitor the long-term effects of digital marketing strategies on SME performance, identifying enduring trends and shifts over time; Comparative Analysis: compare SMEs that have implemented digital marketing strategies with those that have not, to better isolate the benefits and challenges directly associated with digital marketing within the footwear industry; Advanced Analytics: employ advanced analytics and big data to evaluate the specific impacts of digital marketing campaigns on sales performance, brand awareness, and customer engagement, thereby quantifying the effectiveness of various strategies; Sector-Specific Best Practices: investigate and document digital marketing best practices tailored to the footwear industry, potentially drawing on successful case studies from other regions or sectors for applicable insights; Influence of Social Media Influencers: explore the impact of social media influencers in the footwear sector to understand how influencer partnerships can affect consumer behavior and brand loyalty; Consumer Behavior

and Psychographics: delve deeper into the psychographics and buying behaviors of the target market to assess how different digital marketing channels influence their purchasing decisions and preferences; Cross-Cultural Studies: conduct cross-cultural studies to examine how digital marketing is perceived and responded to by consumers in various geographical regions, aiding SMEs in tailoring their marketing strategies to diverse consumer bases; Sustainability and Ethical Marketing: analyze the effects of incorporating sustainability and ethical considerations into digital marketing strategies on consumer perceptions and company performance, in line with increasing consumer interest in ethical and sustainable products. These recommendations aim to broaden the research scope and provide deeper insights into the dynamics of digital marketing and its impact on SMEs in the footwear sector, supporting the development of more effective strategies and practices.

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