

# Marketing Strategies and Digital Competitive Advantage of Small and Medium Enterprises

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*Abstract- This study examined the influence of marketing strategies on the digital competitive advantage of small and medium enterprises (SMEs). A mixed-methods research design was employed, integrating quantitative surveys and qualitative interviews to collect data from 110 SME employees and five business owners in the municipalities of Paete, Pakil, Siniloan, Pagsanjan, and Santa Cruz, Laguna, Philippines. The research instrument comprised three sections: respondents' demographic characteristics, the extent of marketing strategies utilized, and the level of digital competitive advantage of SMEs. Descriptive and inferential statistical tools, including weighted mean, chi-square test, and Spearman's rank correlation, were used to determine the relationship between marketing strategies and digital competitiveness. The results indicated that educational attainment and years of business operation had significant relationships with the extent of marketing strategies employed, whereas sex, age, and income were not significantly associated. These findings suggest that educational and professional experience influence the assessment and implementation of digital marketing strategies. Furthermore, unique selling propositions, brand management, and communication channels exhibited a highly significant relationship with digital competitive advantage, underscoring their importance in fostering customer trust, brand loyalty, and engagement. In contrast, influencer collaborations and reputation management showed lower statistical significance, potentially reflecting resource limitations or lower strategic prioritization among SMEs. Overall, marketing strategies were found to be highly significantly related to digital competitive advantage. The study concludes that SMEs with higher educational backgrounds and longer operational experience are better positioned to adopt innovative digital practices that enhance resilience, visibility, and competitiveness in the digital economy.*

*Indexed Terms – Marketing Strategies, Unique Selling Proposition, Brand Management, Communication Channels, Digital Competitive Advantage, Small and Medium Enterprises*

## I. INTRODUCTION

Small and medium enterprises (SMEs) play a pivotal role in global economic development by fostering innovation, generating employment, and supplying essential goods and services, including housing, food, and clothing. In the Philippines, SMEs are a major driver of national economic growth, with more than 1.08 million businesses operating in 2022, of which 478,576 were newly registered. This rapid growth reflects an increasingly competitive business environment in which firms compete for similar customer segments. Advances in technology and the widespread use of the internet have transformed business operations, enabling SMEs to adopt cost-effective digital tools, such as search engines, social media platforms, and websites, to expand market reach and enhance operational efficiency.

Digital marketing has become increasingly critical for SMEs seeking to remain competitive amid rapid technological change. Social media platforms such as Facebook and Instagram allow businesses to build brand awareness, engage customers, and strengthen relationships; however, the highly saturated digital landscape presents significant challenges (Kapoor et al., 2017). The transition from traditional to digital marketing has accelerated in recent years, particularly during the COVID-19 pandemic, which intensified the growth of e-commerce and online advertising. Despite these opportunities, many SMEs face constraints related to limited technical expertise, financial resources, and the complexity of navigating an overcrowded digital marketplace, which can hinder the effective adoption of digital marketing strategies (Zlatanov & Đurićanin, 2023).

To facilitate digital transformation, the Philippine government has introduced various programs and policy initiatives, including those implemented by the Department of Trade and Industry and Republic Act No. 11337, also known as the Innovative Startup Act. These initiatives aim to incentivize innovation and provide support mechanisms for SMEs. Firms that successfully leverage social media marketing, content creation, and data-driven decision-making can improve online visibility, customer engagement, and sales performance. By adopting authentic and innovative digital marketing strategies, SMEs can differentiate themselves in a competitive market, cultivate long-term customer relationships, and achieve sustainable growth in the evolving digital economy.

## II. METHODS

The researchers utilized a mixed-methods approach, combining quantitative and qualitative techniques to ensure an accurate and comprehensive interpretation of the data collected. This approach involved gathering information through survey questionnaires and face-to-face interviews with selected participants. By integrating numerical and narrative data, the study examined variables related to marketing strategies and their role in establishing the digital competitive advantage of small and medium-sized enterprises (SMEs).

The mixed-method design allowed the researchers to employ quantitative and qualitative information either sequentially or simultaneously to address the research problem effectively. As noted by Dawadi et al. (2021), the integration of these two approaches strengthened the validity and reliability of the findings by merging diverse forms of evidence, thereby producing richer and more robust results.

The study focused on individuals engaged in small and medium enterprises located in the municipalities of Paete, Pakil, Pagsanjan, Sta. Cruz, and Siniloan in Laguna. A total of 110 respondents participated in the research, representing business owners, managers, and employees. These participants completed a questionnaire designed to evaluate their perspectives and experiences regarding their use of marketing

strategies and how these strategies contributed to digital competitiveness.

The primary data-gathering tool was a researcher-constructed questionnaire comprising multiple-choice items and Likert-scale statements. It was developed through careful reading, consultation, and validation by the adviser and an academic panel. The instrument had three main sections: the first gathered demographic information, including age, gender, educational attainment, monthly income, and years of business operation; the second assessed the extent of marketing strategies in terms of unique selling proposition, brand management, and communication channels; and the third examined the impact of these strategies on the digital competitive advantage of SMEs.

For qualitative data, the researchers conducted interviews with selected SME owners and managers using purposive sampling. The interviews were designed to gain deeper insights into the respondents' marketing practices and to support the findings obtained from the survey results.

## III. RESULTS AND DISCUSSIONS

### Profile of the Respondents

The analysis revealed a significant relationship between the respondents' marketing strategies, their educational attainment, and their years of business operation. In contrast, there is no significant relationship with sex, age, or monthly income. These results suggest that the adoption and application of marketing strategies were strongly shaped by the respondents' level of education and business experience. Individuals with higher educational attainment demonstrated a greater capacity to understand and implement advanced digital marketing strategies, while those with more years of business operation were more likely to apply effective practices developed through accumulated experience.

These findings indicate that formal education and practical business experience act as key enablers of strategic marketing behavior among SME owners and managers. A higher level of education equips

individuals with the analytical and technical skills needed to navigate complex digital tools and platforms, strengthening their ability to execute data-driven and innovative strategies. Likewise, extended business experience supports the refinement of marketing approaches through continuous trial, observation, and adaptation. The absence of significant relationships with sex, age, and income suggests that digital marketing competence depends less on demographic characteristics and more on knowledge acquisition and experiential learning. *The results of the Extent of Marketing Strategies can be seen in Table 1.*

Table 1. Extent of Marketing Strategies

Aspect	Mean	SD
Unique Selling Proposition	3.32	0.046
Brand Management	3.318	0.120
Communication Channels	3.35	0.071

According to the survey results, Communication Channels ranked highest, with a mean of 3.35 and a standard deviation of 0.071, followed by Unique Selling Proposition, with a mean of 3.32 and a standard deviation of 0.046, and Brand Management, with a mean of 3.318 and a standard deviation of 0.120. These findings suggest that SMEs prioritized strategies that reinforced brand identity and ensured clear, consistent communication with their audience, as these were perceived to build customer trust, recognition, and loyalty. The emphasis on cohesive brand visuals and updated customer support resources reflected a focus on credibility and professionalism in the digital space, while the relatively low adoption of influencer collaboration may be due to resource limitations, uncertainty about return on investment, or a preference for strategies offering more direct control. Overall, the strong agreement on strategic branding and communication underscored SMEs' recognition of their importance in establishing a competitive digital presence. *The results of the Extent of Marketing Strategies in terms of Unique Selling Proposition can be seen in Table 2.*

Table 2. Unique Selling Proposition

Statements	Weighted Mean	Remarks
1. Ensure our USP highlights a unique feature, benefit, or experience for our target market.	3.39	Strongly Agree
2. Analyze competitors to keep our USP distinct.	3.33	Strongly Agree
3. Create content (blogs, videos, infographics) that reinforces our USP.	3.27	Strongly Agree
4. Use digital tools (search engine optimization, social media ads) to expand our USP's reach.	3.29	Strongly Agree
5. Implement continuous innovation in our digital marketing strategies to strengthen our USP.	3.32	Strongly Agree
TOTAL	3.32	To a Great Extent

Table 2 shows the extent of marketing strategies in terms of unique selling proposition. As indicated above, the rank-one respondent, with a weighted mean of 3.39, strongly emphasized ensuring that the USP highlights a unique feature, benefit, or experience for the target market, as they believed this would clearly distinguish the offering. The second highest mean is 3.33, which was also interpreted as strongly agree.

Moreover, finally, the lowest mean of 3.27 was interpreted as agree. All in all, the study's results indicate that the extent of marketing strategies in terms of unique selling proposition, with a mean of 3.32, is to a great extent. *The results of the Extent of Marketing Strategies in terms of Brand Management can be seen in Table 3.*

Table 3. Brand Management

Statements	Weighted Mean	Remarks
1. Keep our brand's visual elements (logo, colors, typography) consistent across digital platforms.	3.51	Strongly Agree
2. Conduct regular evaluations of our brand's online image and reputation.	3.30	Strongly Agree
3. Collaborate with influencers to expand our brand reach.	3.23	Strongly Agree
4. Use digital tools (Google Ads, social media ads) to boost our brand's presence.	3.19	Strongly Agree
5. Align our brand identity with customer needs and industry trends.	3.49	Strongly Agree
<b>TOTAL</b>	<b>3.318</b>	<b>To a Great Extent</b>

Table 3 shows the extent of marketing strategies for brand management. The data shown above revealed that most of the respondents, with a weighted mean of 3.51 and rank 1, considered it important to keep their brand’s visual elements—logo, colors, and typography—consistent across digital platforms. The second highest mean is 3.49, which was also interpreted as strongly agree.

Finally, the lowest mean of 3.19 was interpreted as agree. All in all, the study’s results indicate that the extent of marketing strategies in terms of brand management, with a mean of 3.318, is to a great extent. *The results of the Extent of Marketing Strategies in terms of Communication Channels can be seen in Table 4.*

Table 4. Communication Channels

Statements	Weighted Mean	Remarks
1. Utilize social media effectively as our primary communication channel.	3.31	Strongly Agree
2. Maintain a responsive and interactive presence on social media platforms	3.35	Strongly Agree
3. Update the frequently asked questions section to assist customers proactively.	3.46	Strongly Agree
4. Track response rates and engagement levels.	3.36	Strongly Agree
5. Respond to customer comments and messages.	3.27	Strongly Agree
<b>TOTAL</b>	<b>3.318</b>	<b>To a Great Extent</b>

Table 4 shows the extent of marketing strategies in terms of communication channels. As indicated, the highest mean of 3.46 revealed that updating the frequently asked questions section to assist customers proactively was considered important. The second highest mean is 3.36, which was also interpreted as strongly agree. Moreover, lastly, the lowest mean of 3.27 was also interpreted as strongly agree. All in all, the study’s results indicate that the extent of marketing strategies, as measured by communication channels, has a mean of 3.35, which is to a great extent.

Concerning the extent of marketing strategies, the following statements are the responses of the entrepreneurs who were interviewed:

B1: Focuses on quality food, simplicity, and service, combining social media with traditional marketing while emphasizing personal customer interaction.

B2: Differentiates itself through personalized customer care and social media marketing, which prove highly effective in attracting customers.

B3: Relies on affordable pricing and social media marketing, with viral content significantly enhancing visibility, brand awareness, and customer reach.

B4: Establishes its edge through reliable service, product innovation, and the effective use of both social media and personal interaction.

B5: Strengthens its brand through uniqueness, personal touch, and creative content, with social media playing a significant role in customer engagement.

The results showed that business owners used diverse strategies to strengthen their market presence. One establishment focused on food quality, simplicity, excellent service, and a mix of social and traditional marketing. Another emphasized the importance of attentive customer care and strategic social media use to attract clients. A third highlighted affordability and boosted visibility through viral content. A fourth gained advantage through consistent service, product innovation, and personalized engagement. Lastly, a fifth built a strong brand identity centered on originality, creativity, and close customer relationships supported by social media. *The results of the Level of Digital Competitive Advantage of Small and Medium Enterprises can be seen in Table 5.*

Table 5. Level of Digital Competitive Advantage of Small and Medium Enterprises.

Statement	Weighted Mean	Interpretation
1. Integrate our USP into all online branding and promotional materials.	3.38	Strongly Agree
2. Tailor our digital marketing strategies to emphasize our USP.	3.40	Strongly Agree
3. Effectively communicate our USP through various digital marketing channels.	3.36	Strongly Agree
4. Differentiate our brand with unique digital marketing strategies.	3.35	Strongly Agree
5. Monitor how digital word-of-mouth (social shares, reviews) impacts our brand's credibility.	3.33	Strongly Agree
6. Invest in maintaining a positive online reputation for our brand.	3.27	Strongly Agree
7. Personalize our communication to enhance customer experience.	3.32	Strongly Agree
8. Track how frequently customers interact with our digital touchpoints before making a purchase.	3.29	Strongly Agree
9. Ensure that our communication channels are easily accessible to customers.	3.40	Strongly Agree
10. Efficiently utilize chatbots to provide quick and responsive communication with customers.	3.40	Strongly Agree
General Weighted Mean	3.35	Strongly Agree

The respondents expressed strong agreement on the importance of digital strategies in enhancing SMEs' competitiveness. The highest-ranked strategies emphasized tailoring digital marketing efforts to

highlight the unique selling proposition (USP), ensuring that communication channels were accessible to customers, and utilizing these platforms to provide prompt and efficient interactions.

Respondents also indicated that they regularly monitored customer engagement across digital touchpoints prior to purchase.

In contrast, maintaining a positive online reputation received the lowest mean score, suggesting that it was not regarded as a primary strategic priority. This may reflect limited organizational resources or the absence of structured reputation management practices. Overall, the findings demonstrate that SMEs place significant emphasis on value proposition, accessibility, and responsiveness to remain competitive in an increasingly digital business environment, while reputation management appears to be comparatively underemphasized.

Regarding the level of digital competitive advantage, the entrepreneurs interviewed provided the following responses.

B1: Leverages digital platforms to connect with customers and showcase its brand, while recognizing that sustained competitiveness relies on consistent food quality and service.

B2: Strengthens its edge by combining social media promotions, festival sponsorships, and a regular posting schedule, making its brand more recognizable and engaging to the public.

B3: Improves its online branding and aesthetics, transforming a previously unnoticed page into an eye-catching platform that enhances customer engagement and recognition in the digital space.

B4: Enhances competitiveness through targeted ads, influencer collaborations, and content marketing, with rebranding and interactive engagement contributing to greater recognition, stronger retention, and repeat sales.

B5: Enhances competitiveness through targeted ads, influencer collaborations, and content marketing, with rebranding and interactive engagement contributing to greater recognition, stronger retention, and repeat sales.

Respondents strongly agreed on the importance of digital competitive advantage among SMEs, emphasizing strategies that highlighted their unique selling proposition, ensured accessible communication channels, and provided quick, responsive interactions. Although they monitored customer engagement across digital touchpoints, maintaining a positive online reputation received the lowest mean score. Overall, the findings show that SMEs relied on core value propositions and real-time communication to strengthen their digital edge, while gaps in online reputation management suggest areas for long-term improvement. *The Relationship between the Profile of the Respondents and the Extent of Marketing Strategies can be seen in Table 6.*

Table 6. Relationship between the Profile of the Respondents and the Extent of Marketing Strategies

Variable	P-value	Relationship
Sex	0.217	Not Significant
Age	0.296	Not Significant
Educational Attainment	0.005	Significant
Monthly Income	0.777	Not Significant
Years of Business Operation	0.008	Significant

The analysis revealed a significant relationship among respondents' marketing strategies, educational attainment, and years in business, whereas no significant relationships were found with sex, age, or monthly income. These results suggest that the adoption and application of marketing strategies are strongly influenced by education and business experience. Respondents with higher educational attainment showed a greater ability to understand and implement advanced digital marketing strategies, while those with more years of business operation were more likely to apply effective practices developed through accumulated experience.

These findings indicate that formal education and practical experience serve as key enablers of strategic marketing behavior among SME owners and

managers. Education provides analytical and technical skills to navigate digital tools, while extended experience refines strategies through trial and adaptation. Digital marketing competence is thus more dependent on knowledge and experience than on demographic factors. *The results in the Relationship between the Profile of the Respondents and the Level of Digital Competitive Advantage of Small and Medium Enterprises can be seen in Table 7.*

Table 7. Relationship between the Profile of the Respondents and the Level of Digital Competitive Advantage of Small and Medium Enterprises.

Variable	P-value	Relationship
Sex	0.631	Not Significant
Age	0.151	Not Significant
Educational Attainment	0.001	Significant
Monthly Income	0.771	Not Significant
Years of Business Operation	0.012	Significant

The respondents' educational attainment and years of business operation were significantly related to the level of digital competitive advantage among SMEs. In contrast, no significant relationships were found with sex, age, or monthly income. SMEs led by individuals with higher education were better able to understand, adopt, and implement digital tools and strategies, as education enhances digital literacy and strategic decision-making.

Similarly, longer business experience provided owners with practical knowledge, enabling them to adapt to technological advancements and changing market conditions. The lack of significant relationships with demographic factors suggests that digital competitive advantage relies more on acquired knowledge and experience than on personal characteristics, highlighting the importance of continuous learning and adaptive business practices for sustaining competitiveness. *The results for the relationship between the Extent of Marketing Strategies and the Level of Digital Competitive*

*Advantage of Small and Medium Enterprises are shown in Table 8.*

Table 8. Relationship between the Extent of Marketing Strategies and the Level of Digital Competitive Advantage of Small and Medium Enterprises

Variable	P-value	Relationship
Unique Selling Proposition	<.001	Highly Significant
Brand Management	<.001	Highly Significant
Communication Channels	<.001	Highly Significant

The relationship between marketing strategies—specifically, unique selling proposition (USP), brand management, and communication channels—and the digital competitive advantage of small and medium enterprises (SMEs) was found to be highly significant. The findings confirmed that well-structured marketing strategies directly enhance SMEs' digital advantage, underscoring the importance of strategic planning in the digital era.

These results suggest that SMEs strengthen their digital competitive advantage by clearly defining a USP, maintaining consistent and coherent brand management, and employing effective communication channels. A well-defined USP allows businesses to differentiate themselves in the digital marketplace, while strong brand management fosters trust and recognition among consumers. Additionally, effective communication ensures that marketing messages reach the intended audience in a timely and engaging manner. Collectively, these strategies improve online visibility, enhance customer engagement, and sustain competitive positioning, which explains the strong correlation between marketing strategies and digital competitive advantage.

#### IV. CONCLUSION

After careful evaluation and analysis of the findings, the following conclusions are drawn:

1. There was a highly significant relationship between the demographic profile of the respondents in terms of educational attainment and years of business operation, and the extent of marketing strategies. Educational attainment and years in business showed a strong influence, with most respondents being women aged 26–30, college-educated, earning below Php 9,101, and operating for one to two years. These factors proved critical in shaping effective marketing strategies for digital competitive advantage.

2. The respondents' educational attainment and years of business operation were significantly related to digital competitive advantage, as these factors enhanced their knowledge and skills in implementing digital strategies. However, statistical tests found no significant association between the overall demographic profile and digital competitiveness, thereby accepting the null hypothesis. This suggests that digital competitive advantage was driven more by organizational practices and resource allocation than by personal demographics.

3. The extent of marketing strategies, particularly in terms of unique selling proposition, brand management, and communication channels, demonstrated a highly significant relationship with the level of digital competitive advantage. This indicated that well-structured marketing approaches directly contributed to strengthening SMEs' position in the digital marketplace and improving their overall competitiveness within modern digital contexts.

## V. ACKNOWLEDGMENT

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