

Chapter 11

Digitalization of the Marketing Strategy as SMEs' Sustainable Development Guarantee

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ABSTRACT

The chapter reviews and analyzes in depth the role and importance of marketing digitalization strategies in small companies, using the example of Georgian handmade accessories (bag manufacturer), where the problematic aspects of access to finance are considered vital for developing countries' entrepreneurship. Qualitative research was conducted on 90 respondents, the results of which and the comparative analysis of desk research confirmed the hypothesis that digital marketing strategy is a significant factor for SMEs to reach sustainable development. Besides, if the strategy is long-term, the company gets a guarantee to grow its size and obtain high competitiveness. The research solved the most critical problem, how small companies can implement marketing activities cheaply and qualitatively, and effectively, forming a brand and a loyal customer.

INTRODUCTION

Small and medium enterprises (SMEs) are a significant part of the economy that helps the country to have high economic growth and sustainable development. Developed countries are trying to create a

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stable environment for small businesses, such as loyal taxation, cheap credits, government support for exporting and trading, supporting innovations, etc. For example, 99% of registered business entities are small businesses in the U. S. which help local economies stability as the development of small entrepreneurship defines the direction of the country's economy in general.

Small and medium-sized enterprises (SMEs) employ fewer than 250 persons, have an annual turnover not exceeding EUR 50 million, and an annual balance sheet total not exceeding EUR 43 million. An enterprise is an entity engaged in economic activity, irrespective of its legal form. (EU, 2003). Digital transformation is "an evolutionary process that leverages digital capabilities and technologies to enable business models, operational processes, and customer experiences to create value" (Morakanyane et al., 2017). Sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Emas, 2015). Digital marketing strategy involves an assessment of specific goals achievable through online channels (ama.org. 2022).

As for less developed countries, the above-said proportion is different, and they need to strengthen SMEs. Covid-19 became a strong challenge for small and medium entities as the need for digitalization has appeared as a major factor for survival. Spreading the Covid 19, it insulted first of all people's life, health, economic stability, business work, and in general world and each country's GDPs. There was a big question of how businesses will recover and how society will get used to it. Besides, not all society was emotionally ready to receive the new reality of the world order. The Covid pandemic impacted most of the fields in the world so acutely that some companies' scales were reduced or even closed in the worst case. There were lockdowns, stay-at-home policies, and social distances; part of the "old" entrepreneurs began diversifying their small businesses, on the other hand, there was always a second side to the medal and all these challenges boosted new ideas. There can be distinguished some activities by which small businesses tried to run their own business, namely trading with agricultural products, cakes and generally sweets, handmade designers, craftsmen activities, etc., and "new" entrepreneurs, tried to establish new businesses which would be affordable to everyone online: online services, delivering services, e-commerce, etc. Online consumption also was raised and formed in the world. Even though Covid Pandemic is more or less over, the past will not be back. There is a new reality, new business ideas, rules and new confront where digitalization became the main leader for companies in the competitive market.

Today traditional ways are not enough in the competitive and fast-developed market because nowadays digital era is in the world.

In the economy, there are two sides: consumption and production. Consumption can be formed via sophisticated, stable, and high-quality goods or/and services.

Even after overcoming the Pandemic, digital ways maintain their advanced position for producers and service suppliers, which made them make various creative marketing strategies in digital channels. Today it is easy to start a business, globalisation allows one to find a proper environment for business activity. Besides sustainable development is especially hard for SMEs, as they experience difficulties with maintaining finances.

According to official surveys, digital transformation creates a giant opportunity for entrepreneurs and generally small and medium-sized businesses. Digital platforms, web browsing, and web pages for business purposes become vital. High-quality web pages and delivering services are more consumed and demanded.

Developing or less developed countries also faced and still face these challenges. Georgia is a Post-Soviet country, and small businesses more or less are developed. But it seems these entrepreneurs or little companies stay within their small boundaries. There appear significant challenges and failures. First of

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