Ndejje University Journal Of Interdisciplinary Studies,
Volume 2, Issue 1 (March 2026)
eISSN:3079-7683 **DOI:** https://doi.org/10.64080/ndujis.2026.1.1.March003

Unlocking growth: the impact of digital marketing on sales performance among SMES in Uganda

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How to cite this article:
Rukanyangira, N. & Nakindu, I. (2026). Unlocking growth: the impact of digital marketing on sales performance among SMES in Uganda. Ndejje University Journal of Interdisciplinary. Ndejje University Journal of Interdisciplinary, Vol 2, DOI: https://doi.org/10.64080/ndujis.2026.1.1.March003

Abstract

Small and Medium-sized Enterprises (SMEs) are the backbone of Uganda's economy, yet they face persistent challenges in market penetration and competition, often constrained by limited marketing budgets. This study investigated the impact of digital marketing as a cost-effective strategy for enhancing sales performance within this crucial sector. Employing a mixed-methods research design, the study gathered data from 63 key informants across various SMEs in Uganda through self-administered questionnaires and qualitative interviews. Quantitative analysis using SPSS revealed a strong positive correlation between the adoption of digital marketing and sales performance. A particularly significant finding was the potent influence of email marketing ($r = 0.815$, $p < 0.01$) on driving sales outcomes. Qualitative insights further highlighted critical barriers to adoption for SMEs, including pronounced digital skills gaps, infrastructural limitations, and acute financial constraints. These findings affirm that digital marketing is not a luxury but a strategic necessity for SMEs seeking to improve market reach, build customer loyalty, and achieve sustainable growth. The study recommends that SMEs prioritize the development of cost-effective digital marketing capabilities, with a specific emphasis on implementing permission-based and personalized email communication. This approach helps build trust and minimizes the risk of spam labeling, enabling SMEs to foster strong, long-term customer relationships that are essential for survival and success in Uganda's increasingly competitive and digitalized marketplace.

Key words: *Digital Marketing, Sales Performance, SME Sector, Small and Medium-sized Enterprises, Email Marketing, Business Growth, Uganda*

Introduction

The rapid advancement of information and communication technologies (ICTs) has fundamentally transformed the way businesses operate, compete, and interact with customers across the globe. Digital marketing, broadly defined as the use of digital channels, platforms, and technologies to promote products and services, has become a central pillar of modern business strategy (Rowley, 2011; Strauss & Frost, 2011). Unlike traditional marketing approaches, which rely heavily on physical media such as print, radio, and television, digital marketing enables firms to engage customers in real time, personalize communication, track performance metrics, and optimize marketing efforts with greater precision and cost efficiency (Chaffey & Ellis-Chadwick, 2019). As global markets become increasingly digitized, firms that fail to integrate digital marketing into their strategic frameworks risk losing competitiveness, market relevance, and long-term sustainability (Hollensen, 2022).

In developing economies such as Uganda, digital marketing presents both significant opportunities and complex challenges. For the purpose of this study, digital marketing is operationalized as the use of specific digital tools namely email marketing, social media marketing, and search engine marketing by SMEs to promote their products, engage with customers, and drive sales. Sales performance is operationalized as measurable outcomes including annual sales revenue growth, market share expansion, and customer acquisition/retention rates over a specified period. The manufacturing sector, particularly Small and Medium-sized Enterprises (SMEs), plays a vital role in Uganda's economic development, contributing to industrialization, employment creation, and value addition (Amin, 2005; UBOS, 2022). Despite its importance, Uganda's manufacturing SMEs have historically faced structural constraints such as limited access to finance, high production costs, inadequate infrastructure, and intense competition from imported goods (Kasekende & Atingi-Ego, 2003). In response to these pressures, SMEs are increasingly required to adopt innovative business and marketing strategies that can enhance efficiency, expand market reach, and drive sales growth.

Traditionally, marketing practices within Uganda's SMEs have been dominated by conventional methods such as physical distribution networks, trade fairs, billboards, radio advertising, and sales agents (Kithinji, 2014). While these approaches have been effective in certain contexts, they are often expensive, difficult to measure, and limited in their ability to target specific customer segments or build long-term customer relationships (Chaffey et al., 2000). Moreover, traditional marketing channels are increasingly losing effectiveness due to changing consumer behavior, media fragmentation, and the growing adoption of digital technologies among consumers. The rise of internet penetration, mobile phone usage, and social media engagement in Uganda has altered how customers search for information, evaluate products, and interact with brands (ITU, 2021). These changes necessitate a strategic shift toward digital marketing approaches that align with contemporary consumer preferences and behaviors.

Digital marketing encompasses a variety of tools and platforms, including social media marketing, search engine marketing, content marketing, mobile marketing, and email marketing. Among these, email marketing has emerged as one of the most cost-effective and impactful digital marketing tools, particularly for relationship building and customer retention (Merisavo & Raulas, 2004; Peppers & Rogers, 2004). Email marketing allows firms to deliver personalized, targeted, and timely messages directly to customers, fostering stronger engagement and encouraging repeat purchases. When effectively implemented, email marketing supports customer relationship management by enhancing trust, loyalty, and brand awareness, which are critical drivers of sales performance in competitive markets.

Globally, numerous studies have demonstrated the positive impact of digital marketing on firm performance, including increased sales, improved customer engagement, and enhanced brand equity (Tiago & Veríssimo, 2014; Kingsnorth, 2019). However, the majority of this empirical evidence originates from developed economies with advanced digital infrastructure, high levels of digital literacy, and mature e-commerce ecosystems. Consequently, the applicability of these findings to developing countries, particularly within the SME sector, remains uncertain. In the Ugandan context, scholarly research on digital marketing adoption and its influence on sales performance is still limited, fragmented, and largely exploratory (Makori, 2014). This gap in empirical evidence underscores the need for context-specific studies that reflect the unique economic, technological, and institutional realities faced by SMEs in Uganda.

Against this backdrop, the present study seeks to examine the relationship between digital marketing and sales performance among SMEs in the Wakiso district of Uganda, with a specific focus on key digital tools. By empirically analyzing how these tools influence sales outcomes, this study aims to contribute to the limited body of knowledge on digital marketing effectiveness in developing economies. The findings are expected to provide valuable insights for SME owners/managers, policymakers, and practitioners by highlighting the potential of digital marketing to enhance competitiveness, customer engagement, and revenue growth, while also addressing the contextual challenges that shape digital marketing adoption in Uganda.

Study Objectives

i. To assess the effect of email marketing on sales performance among SMEs in the Wakiso district, Uganda.
ii. To examine the influence of social media marketing on sales performance among SMEs in the Wakiso district, Uganda.
iii. To establish the effect of search engine marketing on sales performance among SMEs in the Wakiso district, Uganda.

Literature Review

Theoretical review

The study is anchored in the Hierarchy of Effects Model developed by Lavidge and Steiner (1961) and the Technology Acceptance Model (TAM) proposed by Davis (1989). These theories jointly provide a foundation for understanding how digital marketing, particularly email marketing, influences sales performance within Uganda's SME sector by explaining both consumer response mechanisms and firm-level technology adoption behavior. Their combined application is especially relevant in a developing-country context where technological readiness, consumer awareness, and organizational capacity vary significantly across firms.

The Hierarchy of Effects Model explains how marketing communication influences consumer behavior through sequential stages of awareness, knowledge, liking, preference, conviction, and purchase (Lavidge & Steiner, 1961). In Uganda's SME sector, where locally manufactured products often compete with imported goods and consumer knowledge about product quality is sometimes limited, creating awareness and knowledge remains a critical challenge. Email marketing enables SMEs to deliver timely, consistent, and detailed product information directly to customers, thereby reducing information asymmetry and enhancing product understanding (Merisavo & Raulas, 2004). Cultural factors such as trust, familiarity, and relationship-oriented purchasing behavior strongly influence consumer responses to marketing communication in Uganda. Personalized and relevant email messages can foster positive attitudes toward locally manufactured products, strengthening liking and preference, while the inclusion of testimonials, guarantees, and follow-up communication can enhance conviction and support purchase decisions (Peppers & Rogers, 2004). Consequently, the Hierarchy of Effects Model provides a useful lens for explaining how email marketing guides consumers from initial awareness to actual purchasing behavior within the SME context.

The Technology Acceptance Model complements this consumer-focused perspective by explaining the factors that influence the adoption and use of digital marketing technologies by SMEs. According to TAM, perceived usefulness and perceived ease of use are key determinants of attitudes toward technology adoption and subsequent usage behavior (Davis, 1989). In Uganda's SME sector, managers' perceptions of the usefulness of email marketing such as its ability to improve sales performance, enhance customer relationships, and reduce marketing costs significantly influence adoption decisions. However, perceived ease of use is often constrained by limited digital skills, inadequate ICT infrastructure, and a reliance on traditional marketing methods, particularly among small and medium sized enterprises (OECD, 2019). Cultural resistance to change and uncertainty regarding data protection and privacy regulations further affect technology acceptance. TAM therefore provides a relevant framework for understanding variations in the adoption and effective use of email marketing within the Ugandan SME context.

By integrating the Hierarchy of Effects Model and the Technology Acceptance Model, the study captures both the consumer-side and firm-side dynamics that shape the effectiveness of digital marketing in Uganda's SME sector. While TAM explains how organizational perceptions, cultural attitudes, and contextual constraints influence the adoption of digital marketing, the Hierarchy of Effects Model explains how consumers respond to digital marketing messages and progress toward purchase decisions (Lavidge & Steiner, 1961; Davis, 1989). This integrated theoretical perspective acknowledges the unique economic, cultural, and technological realities of Uganda's SMEs and strengthens the relevance of these theories in explaining the relationship between digital marketing and sales performance.

Digital marketing has fundamentally transformed the way firms communicate with customers, create value, and compete in contemporary markets. It refers to the use of digital technologies, platforms, and media to promote products and services, engage customers, and manage relationships more efficiently (Strauss & Frost, 2011). Unlike traditional marketing methods, digital marketing enables real-time interaction, personalized communication, precise targeting, and measurable performance outcomes, making it a powerful strategic tool in increasingly competitive environments (Rowley, 2011). As consumer behavior continues to shift toward digital platforms, firms that effectively adopt digital marketing are better positioned to respond to market dynamics, enhance customer engagement, and improve sales performance (Chaffey & Ellis-Chadwick, 2019). However, the extent to which these benefits are realized varies significantly across contexts, particularly between developed and developing economies.

Empirical evidence from developed markets suggests a strong positive relationship between digital marketing adoption and business performance. Tiago and Veríssimo (2014) argue that digital marketing enhances brand visibility, customer engagement, and responsiveness to customer needs, ultimately leading to increased sales and customer retention. Kingsnorth (2019) similarly notes that firms leveraging digital channels gain strategic advantages by aligning marketing efforts with data-driven insights and evolving consumer preferences. Despite these advantages, the transferability of such outcomes to developing countries remains uncertain due to differences in infrastructure, digital literacy, institutional support, and market maturity. In many developing economies, digital marketing adoption is still at an early stage, and firms face structural and organizational constraints that limit its effectiveness (World Bank, 2021).

Among the various digital marketing tools, email marketing remains one of the most cost-effective and widely used strategies for customer acquisition, engagement, and retention. Chaffey et al. (2003) describe email marketing as a direct digital communication tool that enables firms to deliver targeted messages to specific customer segments at relatively low cost. Merisavo and Raulas (2004) further emphasize its role in strengthening customer relationships through personalized communication and continuous interaction. Email marketing is particularly valuable for firms seeking to build long-term relationships rather than relying solely on one-time transactions, as it supports customer relationship management and brand loyalty development (Peppers & Rogers, 2004).

Recent studies have increasingly emphasized the importance of personalization and data-driven strategies in enhancing email marketing effectiveness. Taiminen and Karjaluoto (2022) found that personalized digital communication significantly improves customer engagement, open rates, and loyalty, particularly among small and medium-sized enterprises. Similarly, Kabadayi et al. (2023) demonstrate that data enabled personalization in digital marketing positively influences brand perception and purchase intention by aligning marketing messages with individual customer preferences. These findings suggest that email marketing is most effective when supported by robust customer data, analytical capabilities, and ethical data management practices. However, these prerequisites are often lacking in developing-country contexts, limiting the full realization of email marketing benefits.

Sales performance is a critical indicator of a firm's market success and overall business health. It is typically measured through a combination of financial and market-based metrics, including sales revenue, profit margins, market share growth, and customer acquisition and retention rates (Kotler & Keller, 2016). In the context of SMEs, achieving strong sales performance is essential for survival, growth, and competitiveness. SMEs often operate with limited financial buffers, making consistent sales revenue a primary driver of operational stability and strategic investment (Amin, 2005). The ability to expand market share and retain a loyal customer base is particularly crucial for SMEs in competitive environments like Uganda, where they face pressure from larger domestic firms and imported goods. Effective marketing strategies, including digital marketing, are therefore seen as direct levers to improve these key performance indicators by increasing brand visibility, generating leads, and fostering customer loyalty, which ultimately translate into enhanced sales outcomes.

The SME sector presents a distinctive context for digital marketing adoption due to its operational focus, complex supply chains, and reliance on intermediaries. Traditionally, SMEs have depended on distributors, wholesalers, and sales agents to reach customers, with limited direct interaction with end users (Kotler & Keller, 2016). Digital marketing disrupts this model by enabling SMEs to engage customers directly, gather market intelligence, and communicate product value more effectively. Studies in developed economies indicate that digital marketing enhances market reach, supports innovation, and improves competitiveness among SMEs (Porter & Heppelmann, 2015). Nonetheless, research also shows that SMEs are generally slower to adopt digital marketing compared to service-oriented firms, largely due to organizational inertia, skill gaps, and a stronger emphasis on production efficiency over marketing innovation (OECD, 2019).

In developing economies, these challenges are further intensified by infrastructural constraints, limited access to finance, and weak institutional support. According to UNIDO (2020), SMEs in developing countries often underutilize digital technologies due to resource limitations and competing operational priorities. As a result, digital marketing adoption tends to be fragmented, reactive, and tactical rather than strategic. This limits its potential impact on firm performance and highlights the need for context-specific research that reflects the realities faced by SMEs in such environments.

The broader literature on digital marketing in developing countries highlights both significant opportunities and persistent challenges. Increasing internet penetration, mobile phone usage, and social media adoption have created new avenues for customer engagement and market expansion (World Bank, 2021). In Sub-Saharan Africa, digital platforms have enabled firms to overcome geographical barriers and reach previously inaccessible markets. However, digital marketing adoption is shaped by contextual factors such as informal market structures, trust-based transactions, high price sensitivity, and varying levels of digital literacy among consumers (Boateng & Okoe, 2015). These factors influence how consumers interpret and respond to digital marketing messages, underscoring the importance of culturally and contextually relevant strategies.

Empirical studies from African countries such as Kenya, Nigeria, and Ghana indicate that digital marketing positively influences firm performance, but its impact is moderated by firm size, managerial capability, and access to digital skills (Makori, 2014; Adeola et al., 2021). Small and medium-sized enterprises, which dominate the business landscape in many developing countries, often lack the financial and human resources required to implement sophisticated digital marketing strategies. Consequently, the benefits of digital marketing are unevenly distributed, and many firms struggle to translate digital presence into measurable sales outcomes.

Uganda's SME sector plays a critical role in the country's economic development, contributing to industrial growth, employment creation, and value addition. According to the Uganda Bureau of Statistics (UBOS, 2022), SMEs account for approximately 90% of the private sector and employ a significant proportion of the workforce. The sector encompasses a wide range of industries, including agro-processing, beverages, construction materials, pharmaceuticals, textiles, and consumer goods, with a strong focus on serving domestic and regional markets. Despite its importance, the sector faces numerous structural challenges that constrain competitiveness and growth.

High production costs, unreliable electricity supply, limited access to affordable financing, and intense competition from imported goods continue to affect the performance of Ugandan SMEs (Amin, 2005; Kasekende & Atingi-Ego, 2003). Many firms operate at low capacity utilization and struggle to differentiate their products in increasingly competitive markets. These challenges place additional pressure on SMEs to adopt innovative marketing strategies that can enhance market visibility and sales performance without significantly increasing costs.

Marketing related constraints further compound these structural challenges. Many Ugandan SMEs rely heavily on traditional marketing channels such as radio advertising, billboards, trade fairs, and sales agents, which are often costly and difficult to measure in terms of effectiveness (Kithinji, 2014). As consumer behavior increasingly shifts toward digital platforms, particularly among younger and urban populations, the effectiveness of these traditional methods is declining. This shift underscores the growing importance of digital marketing as a strategic tool for reaching and engaging contemporary consumers.

Despite the potential benefits of digital marketing, adoption among Ugandan SMEs remains limited and uneven. One major barrier is inadequate digital infrastructure. Although internet penetration in Uganda has surpassed 50%, access remains unreliable and unevenly distributed, with rural and peri-urban areas like parts of Wakiso district experiencing frequent connectivity challenges (UCC, 2022). SMEs located in areas with poor internet connectivity face difficulties implementing consistent digital marketing campaigns, including email marketing initiatives.

Digital skills gaps also represent a significant challenge. Many SMEs lack personnel with expertise in digital marketing strategy, data analytics, and content development (OECD, 2019). As a result, digital marketing initiatives are often poorly designed, inconsistently implemented, or outsourced without adequate strategic oversight. Limited access to training and professional development opportunities further constrains firms' ability to build internal digital marketing capacity.

Financial constraints pose another major obstacle. While digital marketing is often perceived as cost-effective, it requires investment in software, customer relationship management systems, data analytics tools, and skilled personnel. According to UBOS (2022), the majority of SMEs in Uganda have limited financial capacity, which restricts their ability to invest in digital transformation initiatives. Consequently, many firms prioritize short term operational needs over long-term marketing innovation.

Organizational and cultural factors also influence digital marketing adoption. Resistance to change, preference for familiar traditional marketing methods, and skepticism regarding the return on investment of digital marketing are common among SME managers (Kotler & Keller, 2016). In addition, concerns about data privacy, spam, and regulatory compliance create uncertainty around email marketing practices, particularly given limited awareness of Uganda's Data Protection and Privacy Act (NITA-U, 2019). These concerns often discourage firms from fully embracing email marketing despite its potential benefits.

Despite growing scholarly interest in digital marketing, empirical research focusing specifically on Uganda's SME sector remains limited. Existing studies often focus on service industries or adopt a broad perspective without examining specific digital tools such as email, social media, and SEM within the SME context (Makori, 2014). Moreover, few studies integrate firm-level adoption challenges with consumer-level behavioral outcomes in a single analytical framework, particularly within a specific geographical context like Wakiso district. This gap limits understanding of how digital marketing influences sales performance within the unique economic, cultural, and institutional context of Uganda's SMEs. This study addresses these gaps by examining the relationship between specific digital marketing tools and sales performance among SMEs in the Wakiso district of Uganda.

Methodology

The study adopted a descriptive and correlational research design, integrating both quantitative and qualitative approaches to examine the relationship between digital marketing and sales performance among SMEs in the Wakiso district of Uganda. This design was chosen for specific reasons. The descriptive component is essential for systematically and accurately portraying the current state of digital marketing adoption and the levels of sales performance among the targeted SMEs, answering the "what is" question. The correlational component is crucial for fulfilling the study's core objectives, which are to examine and establish the effects and relationships between the independent variables (email marketing, social media marketing, search engine marketing) and the dependent variable (sales performance). This design allows the researcher to determine if and to what extent these variables are related without manipulating them, making it appropriate for a natural business setting. This mixed-methods approach was considered appropriate as it allowed for the collection of numerical data to establish relationships between variables, while also providing qualitative insights to explain underlying patterns and contextual factors influencing digital marketing adoption and effectiveness among SMEs.

The study population comprised SMEs operating in the Wakiso district of Uganda, with a particular focus on firms that actively engage in marketing activities and maintain direct interaction with customers. A total of 63 respondents were selected from these SMEs using a combination of purposive and simple random sampling techniques. Purposive sampling was first employed to identify SMEs that met specific inclusion criteria relevant to the study objectives. These criteria included: (i) SMEs registered and actively operating in the Wakiso district; (ii) SMEs that had adopted at least one form of digital marketing, particularly email marketing; (iii) SMEs with an established marketing, sales, or customer relations function; and (iv) SMEs with a minimum operational period of two years to ensure adequate experience with marketing practices and sales performance trends. This approach ensured that only information-rich cases with practical exposure to digital marketing were included in the study.

Within the selected SMEs, respondents were chosen using simple random sampling to minimize selection bias and enhance representativeness. The targeted respondents included marketing managers, sales managers, customer relationship officers, and senior administrative staff involved in marketing decision-making and sales operations. These categories of respondents were considered appropriate due to their direct involvement in digital marketing activities and their ability to provide informed insights on sales performance. Where SMEs had multiple eligible staff members, random selection was applied to ensure equal chances of participation.

Primary data were collected using self-administered structured questionnaires and semi-structured interview guides. The questionnaires were designed to capture quantitative data on the extent of digital marketing adoption, particularly email marketing practices, and perceived sales performance outcomes. The interview guides were used to collect qualitative data from a subset of respondents, focusing on contextual issues such as challenges in adopting digital marketing, organizational readiness, and perceptions of effectiveness. This triangulation of data sources enhanced the depth and credibility of the findings.

Quantitative data were analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics were used to summarize respondents' characteristics and key study variables, while inferential statistics, including correlation and regression analyses, were employed to examine the relationship between email marketing and sales performance. The reliability of the research instruments was assessed using Cronbach's Alpha coefficient, which yielded a value of 0.961, indicating a high level of internal consistency. Instrument validity was evaluated using the Content Validity Index (CVI), which averaged 0.856, confirming that the questionnaire items adequately captured the constructs under investigation.

Qualitative data obtained from interviews were analyzed thematically. Responses were transcribed, coded, and organized into emerging themes related to digital marketing adoption, organizational challenges, and sales performance. These qualitative findings were used to complement and enrich the quantitative results by providing deeper contextual explanations. Overall, the enhanced sampling procedure and mixed methods approach strengthened the representativeness, credibility, and robustness of the study's findings.

Findings

This section presents the findings based on the study's objectives, structured into descriptive statistics, correlation analysis, and a discussion of the results.

Descriptive results

Before examining the relationships between variables, it is important to understand the perceived levels of both digital marketing adoption and sales performance among the surveyed SMEs. The descriptive results in Table 1 summarize the respondents' perceptions on a 5-point Likert scale.

Table 1: **Descriptive results for study Variables**

VARIABLE	N	MEAN	STD. DEVIATION	INTERPRETATION
Sales Performance	63	3.59	0.64	Agree
Email Marketing	63	3.55	0.67	Agree
Social Media Marketing	63	3.48	0.71	Agree
Search Engine Marketing	63	3.36	0.76	Moderate

The descriptive statistics indicate that respondents generally perceived their firms' sales performance positively (Mean = 3.59). Regarding digital marketing tools, email marketing was perceived as the most impactful (Mean = 3.55), followed closely by social media marketing (Mean = 3.48). Search engine marketing was rated as moderately influential (Mean = 3.36). These results suggest that Ugandan SMEs recognize the value of digital marketing, with email campaigns being a dominant communication medium, social media gaining significant traction for engagement, and search engine marketing contributing to online visibility.

Correlation Analysis

To determine the nature and strength of the relationships between the digital marketing variables (email marketing, social media marketing, and search engine marketing) and the dependent variable (sales performance), a Pearson correlation analysis was conducted. The results are presented in Table 2.

Table 2: **Correlation Matrix of Digital marketing Variables and sales performance**

VARIABLES	1.	2.	3.	4.
Email Marketing	1			
Social Media Marketing	.703**	1		
Search engine marketing	.648**	.724**	1	
Sales Performance	.815**	.769**	.701**	1
Note. p < 0.01 (2-tailed)				

The correlation results reveal strong, positive, and statistically significant relationships between all digital marketing dimensions and sales performance. Email marketing had the highest correlation with sales performance ($r = 0.815$, $p < 0.01$), indicating that improvements in email marketing are strongly associated with better sales outcomes. Social media marketing also demonstrated a strong positive correlation ($r = 0.769$, $p < 0.01$), while search engine marketing, while slightly less influential, still showed a strong positive relationship ($r = 0.701$, $p < 0.01$).

Discussion of Findings

The study's first objective was to examine the effect of email marketing on sales performance. The findings revealed a strong positive relationship, confirming its status as a highly strategic tool for Ugandan SMEs. This aligns with established literature that positions email marketing as a direct and cost-effective channel for nurturing customer relationships and driving conversions. For instance, Merisavo and Raulas (2004) argued that personalized email campaigns are instrumental in fostering customer loyalty and engagement, which directly translates to repeat purchases. Furthermore, the emphasis on permission-based communication, as highlighted by Peppers & Rogers (2004), is critical in building trust—a key currency in many developing markets. In the Ugandan context, where relational business practices are common, email serves as an efficient digital extension of this relationship-building, allowing firms to maintain consistent, personalized contact that encourages purchase behavior.

Regarding the influence of social media marketing, the analysis indicated a strong positive correlation with sales performance. This supports the growing consensus that social media platforms are no longer just for engagement but are powerful drivers of business outcomes. As Chaffey et al. (2003) noted, these platforms enable interactive engagement and real-time customer feedback, which can be leveraged to refine products and marketing messages. For Ugandan SMEs, social media offers a relatively low-barrier-to-entry channel to build brand awareness, particularly among younger, urban demographics. The interactive nature of these platforms allows firms to create communities around their brands, humanize their operations, and run targeted promotional campaigns that can directly lead to sales, a phenomenon observed in emerging markets where mobile internet penetration is high (Boateng & Okoe, 2015).

The effect of search engine marketing was also found to be significantly and positively related to sales performance. This underscores the importance of online discoverability in the modern consumer journey. When potential customers actively search for products or solutions, a strong search engine presence ensures that a firm's products are visible at this critical point of intent. Beamish and Ashford (2008) highlighted that search optimization increases product accessibility and drives qualified traffic, which improves conversion rates. For SMEs in Uganda, this means that a customer searching for a specific good whether "affordable building materials in Wakiso" or "local food processor" can find them, bypassing larger competitors. This levels the playing field and makes search engine marketing a crucial component for customer acquisition and, by extension, sales growth.

Conclusion and recommendations

Conclusions

This study set out to examine the impact of digital marketing on sales performance among SMEs in Uganda. The findings conclusively demonstrate that a strong, positive relationship exists between the adoption of digital marketing tools and enhanced sales outcomes. The evidence suggests that digital marketing has transitioned from a supplementary activity to a core strategic imperative for SMEs seeking to compete and grow in Uganda's evolving economy. Among the tools examined, email marketing emerged as the most potent driver of sales performance, followed closely by social media and search engine marketing. Collectively, these findings contribute to the body of knowledge by providing empirical evidence from the Ugandan context, affirming that strategic investment in digital capabilities yields significant returns in market reach, customer engagement, and ultimately, sales revenue for SMEs.

Based on the empirical findings that digital marketing, particularly email marketing, significantly enhances sales performance, several recommendations are proposed for small and medium-sized enterprises (SMEs) in Uganda. SMEs should prioritize permission-based and personalized email marketing by adopting opt-in systems that build customer trust and ensure compliance with data protection requirements. Personalizing email content using customer information such as preferences and purchase history can improve message relevance, strengthen engagement, and increase conversion rates.

SMEs should also adopt an integrated multi-channel digital marketing strategy by aligning email marketing, social media marketing, and search engine marketing efforts. Using social media platforms to drive email subscriptions and leveraging email campaigns to promote online content can create a seamless customer journey across multiple digital touchpoints, reinforcing brand visibility and maximizing sales opportunities.

In addition, SME owners and managers should invest in building digital marketing skills and analytical capabilities within their firms. Training in digital marketing fundamentals, content creation, and performance measurement will enable firms to better design, monitor, and optimize digital campaigns. Understanding key metrics such as open rates, click-through rates, and conversion rates is essential for improving effectiveness and demonstrating the value of digital marketing investments.

Finally, SMEs should leverage cost-effective digital marketing tools and automation technologies to address financial and time constraints. Affordable platforms and marketing automation solutions can help streamline email campaigns, segment customer audiences, and schedule social media content efficiently, ensuring consistent customer engagement while optimizing limited resources.

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