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The impact of Digital Marketing on Sales Performance and Business Sustainability: The Case
of Bahrain SMEs

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Abstract

Bahrain like other Gulf countries experiences a significant economic growth with an increased number of SMEs focused on digital marketing. The purpose of this study is to explore the impact of different aspects of digital marketing on the sales performance and business sustainability of SMEs in the Kingdom of Bahrain. The study adopts the theoretical model of Ravindran et al. (2023). Following the model, a quantitative method is used to investigate the views of 260 SMEs in Bahrain through a cross-sectional questionnaire. Partial least squares structural equation modeling (PLS-SEM) was used for the empirical analysis. The results indicate that the impact of digital marketing on sales performance and business sustainability is positive and significant which can be carried out through a wide variety of platforms, including social media and search engine optimization (SEO). Based on the findings, the study further discusses policy implications and recommendations for increasing sales performance through digital marketing.

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Chapter 1: Introduction

The marketing industry is constantly evolving with increased challenges and opportunities. It allows to have a reliable system in place for gathering timely and accurate data on consumers, competitors, and the external setting which ultimately reflects positively on its sustainability and performance.

The Kingdom of Bahrain, located in the Arabian Gulf, has witnessed rapid economic growth reflected through the digitalization movement of SMEs. Thanks to its business-friendly environment, Bahrain has attracted significant investments in various sectors such as digitalization and AI. It is also considered one of the main industrial and financial centers in the Middle East due to its location and the government's efforts to diversify its economy (Central Intelligence Agency, 2023).

SMEs play a pivotal role in facilitating the growth and competitiveness of the country's business environment with market orientation and digital marketing strategies emerging as critical determinants of the success of companies operating in today's highly competitive and dynamic landscape. Market orientation refers to an organization's focus on understanding and meeting the needs and wants of its target market through effective marketing strategies. On the other hand, digital marketing strategies include a set of online tactics aimed at enhancing brand visibility, interacting with customers, and increasing sales through digital channels such as websites, social media, email, and search engines.

Understanding the impact of market trends and digital marketing strategies on sales performance is essential for industrial companies in Bahrain to stay ahead in the market and achieve sustainable growth. This study aims to explore how these factors affect sales performance within the context of SMEs in the Kingdom of Bahrain.

To understand the importance of this research, it is necessary to clarify some basic concepts and terminology:

1. **Market orientation:** Market orientation emphasizes the importance of aligning organizational activities with customer needs and market dynamics. It involves gathering market information, analyzing customer preferences, and adapting marketing strategies accordingly to create superior value for customers.
2. **Digital Marketing Strategies:** Digital marketing strategies include a wide range of tactics and techniques used to promote products or services through digital channels. This includes search engine optimization (SEO), social media marketing, content marketing, email marketing, and online advertising, among others.
3. **Sales Performance:** Sales performance refers to the effectiveness and efficiency of a company's sales efforts in achieving its goals. This can be measured through various metrics such as revenue generated, sales growth, market share, customer acquisition, and customer retention rates.

By delving into the interplay between market orientation, digital marketing strategies and sales performance, this research aims to provide valuable insights to industrial companies in Bahrain to improve their marketing efforts and enhance their competitive position in the market.

1.1 Research Problem

SMEs in the Kingdom of Bahrain are growing rapidly and experiencing changing business sector elements. In this developing scene, SMEs face the test of augmenting their business execution to stay serious and reasonable. Be that as it may, notwithstanding the developing significance of market direction and computerized promoting methodologies, there is an absence of exhaustive comprehension in regard to their effect on deals execution.

1.2 Research Gaps:

1. **Theoretical Gap:** While existing writing recognizes the meaning of market direction and computerized promoting systems in improving hierarchical execution, there is a shortage of examination that centers explicitly around their suggestions for deals execution within SME, especially in Bahrain.
2. **Empirical Gap:** Notwithstanding the hypothetical acknowledgment of the significance of market direction and computerized advertising systems, observational proof in regards to their genuine impact on deals execution inside the setting of the Industrial Promoting Division in Bahrain is restricted. There is a striking shortfall of studies that deliberately break down the connection between these factors and give observational experiences customized to the extraordinary qualities and difficulties of the SMEs in Bahrain.

Tending to these gaps is essential for progressing both hypothetical comprehension and viable information.

1.3 Significance of the Research (WHY)

This research is expected to make valuable contributions for various stakeholders from four perspectives.

1. Academic Community:

- It advances theoretical understanding in marketing, particularly in emerging economies like Bahrain.
- It contributes to developing frameworks capturing industrial marketing dynamics in Bahrain.

2. SMEs and Business Community

- Offers strategic guidance for refining marketing strategies and optimizing sales performance.
- Provides a competitive advantage by enhancing market reach and customer satisfaction.
- Assists in resource allocation for maximum marketing expenditure returns.

3. Policymakers:

- Supports economic growth by informing policies promoting market-oriented and digital marketing practices.
- Aids in formulating sector-specific policies to enhance competitiveness and align with national development goals.

4. Overall Economy of Bahrain:

- Promotes sustainable economic development by creating jobs and attracting investment.
- Enhances Bahrain's reputation as a business-friendly hub for industrial excellence, fostering economic prosperity.

1.4 Research Purpose and Research Questions (WHAT)

This research aims to explore the impact of digital marketing on sales performance and business sustainability of SMEs in the Kingdom of Bahrain. This is an attempt to contribute to improving the business knowledge of digital marketing and its importance in broadening businesses' opportunities to reach a wider audience through more effective forms of promotion and advertising.

It adopts the model proposed by Ravindran et al. (2023) applying a quantitative method through a cross-sectional questionnaire. The questionnaire will be developed based on the

theory and theoretical framework of 5 variables. The research is an attempt to answer the below questions:

1. What is the impact of digital marketing practices on sales performance of SMEs in Bahrain?
2. What is the impact of digital marketing practices on business sustainability of SMEs in Bahrain.

1.5 Research Objectives

The objectives of this study are to answer the questions in the research problems, the objectives are:

1. To analyze the impact of digital marketing practices on the sales performance of SMEs in Bahrain.
2. To examine the impact of digital marketing practices on the business sustainability of SMEs in Bahrain.

To achieve the research objectives and to answer the research questions, this paper maintains the following structure. Following this introduction part, the relevant literature review of digital marketing and sales performance mainly highlighting the research hypotheses. Then, the research methodology is discussed in chapter three from the research design to the explanation of data collection and data analysis procedure. This is followed by the results of data analysis and discussion in chapter four. Chapter five further provides an interpretation of the hypotheses results and compares it with previous researches. After the results are highlighted and compared, some managerial implications are provided in the conclusion and the limitations of the research are addressed proposing recommendations for future research.

Chapter 2: Literature Review

In this chapter, we review existing literature relevant to the research topic, focusing on the interplay between market orientation, digital marketing strategies, and sales performance. The literature review is organized into subsections highlighting a brief about Bahrain and discussing market orientation, digital marketing strategies, and their impact on sales performance. Additionally, we examine theoretical frameworks and empirical evidence from previous studies to provide insights into the dynamics within the SMEs in the Kingdom of Bahrain.

2.1 Kingdom of Bahrain Brief

The Kingdom of Bahrain is characterized as an archipelago located in the Middle East with a relatively small geographical area of 760 sq km and over two-thirds of the people reside in the capital city of Manama. The population of Bahrain is estimated at 1,577,059 (Information and e-Government Authority, 2023). This marks the highest population density in the GCC region, with immigrants making up approximately 53.9% of the total population. The government type is a constitutional monarchy and adopts a mixed legal system of Islamic (sharia) law, English common law, Egyptian civil, criminal, and commercial codes; customary law (Central Intelligence Agency, 2023).

2.2 Market Orientation

Market orientation emphasizes aligning organizational activities with customer needs and market dynamics to create superior value for customers (Seonisu-Salo et al., 2018). This concept underscores the importance of understanding customer preferences, competitor actions, and broader market trends in shaping marketing strategies. Research by Cacciolatti and Lee (2016) highlights the positive relationship between market orientation and firm performance,

suggesting that firms with a strong market orientation tend to achieve better outcomes in terms of sales and profitability.

Furthermore, Amin and Rusamy (2016) propose that market orientation mediates the relationship between entrepreneurial orientation and SMEs performance, indicating that a customer-focused approach enhances the effectiveness of entrepreneurial endeavors. The significance of market orientation in driving organizational performance is further supported by DeJonghe and Tambanis (2018), who explore its associations with technology orientation and entrepreneurial orientation, emphasizing its role in fostering innovation and competitiveness.

In addition, Salo (2017) emphasizes the importance of incorporating social media into market orientation strategies, as digital platforms increasingly shape customer interactions and market dynamics. This suggests that market orientation extends beyond traditional channels to encompass digital realms, aligning with the evolving landscape of industrial marketing.

2.3 Digital Marketing Strategies

Digital marketing strategies encompass a wide range of tactics aimed at enhancing brand visibility, customer engagement, and sales performance through online channels (Chang et al., 2018). These strategies include search engine optimization (SEO), social media marketing, content marketing, email marketing, and online advertising, among others. Research by Mathews et al. (2016) highlights the role of internet marketing capabilities in facilitating international market growth, emphasizing the importance of leveraging digital channels for expanding market reach and accessing global markets.

Moreover, Yu et al. (2019) explore the impact of internal market orientation on employee organizational commitment, suggesting that a customer-centric culture within the organization contributes to enhanced performance outcomes. This underscores the

interconnectedness of internal organizational processes and external marketing strategies in driving overall performance.

2.4 Impact on Sales Performance

The relationship between market orientation, digital marketing strategies, and sales performance has been widely studied in the literature. Wang and Miao (2015) investigate the effects of sales force market orientation on sales performance, highlighting the role of customer-focused strategies in driving sales effectiveness and innovation implementation. Similarly, Singh and Venugopal (2015) examine the impact of salesperson customer orientation on sales performance, emphasizing the mediating mechanisms through which customer-centric behaviors influence sales outcomes.

Furthermore, Frösén et al. (2016) discuss the complex interplay between market orientation and marketing performance measurement, suggesting that organizations need to adopt holistic approaches to assess the effectiveness of their marketing efforts. This implies that sales performance is not only influenced by market orientation and digital marketing strategies but also by the organization's ability to measure and optimize marketing performance.

In summary, the literature review highlights the significance of market orientation and marketing strategies in driving sales and firm performance within the Industrial Marketing Department. By synthesizing theoretical frameworks and empirical evidence, this chapter provides a foundation for understanding the dynamics shaping digital marketing practices and performance outcomes in the context of SMEs in the Kingdom of Bahrain.

Overall, this research is the first academic paper to shed light on digital marketing impact on sales performance and sustainability of SMEs in Bahrain and explore how different digital marketing strategies influence sales performance.

2.5 Research Hypotheses

The hypotheses are built based on the literature and the theoretical framework of Ravindran et al. (2023). There are 2 main hypotheses and 3 sub hypotheses under each one.

H1: Digital marketing practices have a significant influence on the sales performance of SMEs.

H1a: Mobile marketing has a significant effect on the sales performance of SMEs.

H1b: Social media marketing has a significant effect on the sales performance of SMEs.

H1c: Search engine marketing has a significant effect on the sales performance of SMEs.

H2: Digital marketing practices have a significant influence on the business sustainability of SMEs.

H2a: Mobile marketing has a significant effect on the business sustainability of SMEs.

H2b: Social media marketing has a significant effect on the business sustainability of SMEs.

H2c: Search engine marketing has a significant effect on the business sustainability of SMEs.

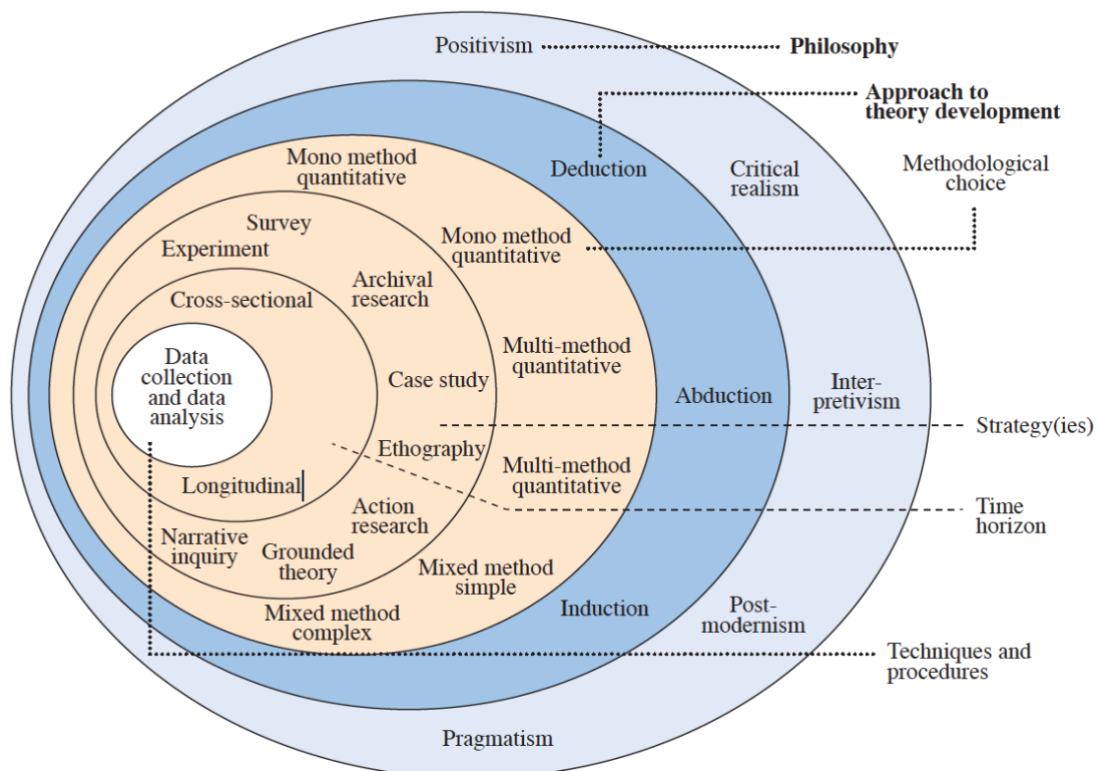
Chapter 3: Research Methodology

3.1 Research Design

The design of the research methodology is based on the theoretical concept of the “research onion” which has six layers as proposed by Saunders, Lewis and Thornhill (2015), which is widely used for business studies. The research onion describes the main layers or stages to be accomplished to develop a practical methodology. It starts by illustrating the main philosophy, choosing approaches, methods, strategies, and defining time horizons which makes the Research logic. Eventually, this leads to research design – the main techniques and procedures of data collection and analysis (See Figure 3).

Figure 1

Research Onion proposed by Saunders et al. (2015)



The description of research methods based on the six layers proposed by Saunders et al. (2016) will be explained next.

To start with, research philosophy specifies the researcher's belief on how the information or the data is gathered, analyzed, and used. According to Saunders et al. (2015), the research philosophy refers to “the development of the knowledge and the nature of that knowledge”. It reflects the researcher's view and how they view the world. In other words, it is about their assumptions and how he/she practically translates these assumptions through their paper by using specific methods and strategies. Distinctively, there are two types of researchers, one is concerned with emotions and the other is concerned with facts. These researchers differ in their choice of strategy and methods to use and their perception of what is significant (Saunders et al., 2015). This research adopts a *positivist epistemological* orientation to analyze the factors influencing household waste separation behavioral intention. Positivism means adopting the philosophical stance of the natural scientist. In this philosophy, researchers prefer to observe and predict the outcomes of a specific phenomenon, similar to laboratory scientists. Researchers using positivist philosophy mainly rely on an existing theory and develop a hypothesis based on it (Bryman, 2016; Saunders et al., 2015).

There are three approaches to theory development; Deductive, Inductive, and Abductive in which the choice of the approach massively relies on the research philosophy (Saunders et al., 2015). For instance, the deductive approach is more of a positivist philosophy, and the inductive is more of an interpretivism philosophy (Saunders et al., 2015). This study implements a *deductive* approach to the theory development based on the theoretical framework proposed by Ravindran et al. (2023), where hypotheses are to be developed and tested. The deductive approach is considered scientific research where the main idea is to test a theory (Bryman, 2016).

Several characteristics are involved in this approach; the first characteristic is that the researcher studies the relationship between variables and formulates a hypothesis. The second characteristic is to collect quantitative data. The third characteristic is the controls required to test hypotheses, which enables the researcher to specify a certain number of variables and make sure that any changes are based on those specific variables. According to Johnson and Gill (2010), it is essential to guarantee the reliability of the information. Therefore, the fourth characteristic suggests that theories need to be operationalized in which facts and outcomes can be measured quantitatively (Saunders et al., 2015). To simplify this process, it is recommended to reduce the data to the minimum amount of information. The last characteristic is generalization, which ensures that the researcher selects samples of a sufficient number of units to be analyzed (Saunders et al., 2015).

The methodological choice applied in this research is *mono-method quantitative*, and the setting of questions is based on the projected theory. This method enables the researcher to use only quantitative data for both data collection and data analysis procedures (Saunders et al., 2015).

The strategy selection is a critical layer of the methodology as it provides answers to the questions of the study, and it is in line with the research's objectives (Saunders et al., 2015). The main determinant of its efficiency is the wise selection that best works for the research. In this study, a *cross-sectional survey* is applied to collect and analyze data. Using a survey has several benefits for the research. For instance, it provides the researcher with stronger control over the research process (Saunders et al., 2015). In addition, Cross-sectional studies are usually applied to study a specific phenomenon at once and identify the reasons lying behind the occurrence of certain incident (Saunders et al., 2015).

Regarding the data collection and data analysis, secondary data are obtained through analyzing and reviewing journal articles, books, and academic papers which were used to

build the literature review. Primary data, however, will be collected through a questionnaire using Google Forms, Statistical Package for Social Science (SPSS) and SmartPLS statical software to analyze the data as the techniques and procedures.

The following part further elaborates on the sampling, data collection and analysis procedure.

3.2 Population and Sampling

As this paper tries to explore the impact of digital marketing practices on sales performance and business suitability on SMEs in the Kingdom of Bahrain, the population for this research paper is all SMEs in Bahrain.

In Bahrain, SME is defined according to two criteria: number of employees and annual turnover. Bahrain Ministry of Commerce and Industry defines small enterprises as those with 6 to 50 employees and an annual turnover of 50,001 to 1 Million Bahraini Dinars (approximately 133k to 2.7 million US dollars), while medium size enterprises are those with 51 to 100 employees and an annual turnover between 1,000,001 and 3 million Bahraini Dinars (approximately 2.7 to 8 million US dollars) (Ministry of Industry and Commerce, 2010). According to the latest public announcement by Bahrain's Industry and Commerce Minister in 2018, there are 6,435 SMEs operating in the Kingdom in which the number of small enterprises is 5,485 while the number of medium enterprises is 950 (Al-Suhaimi, 2018). Hence, the population size is 6,435 SMEs.

The sample size is based on the presumed population size of 6,435 SMEs with a confidence level of 90% and a 5% margin of error. Hence, achieving a sample size of 260 should be representative of the target population.

This research adopts a convenience sampling technique which is a type of non-profitability sampling method. In this technique, the targeted respondents are selected

because they are easy to access, available and willing to contribute to the research (Dörnyei & Taguchi, 2009). It is also referred to the research subjects of the population that are easily accessible to the researcher (Given, 2008). Convenience samples are sometimes considered as ‘accidental samples’ because elements may be selected in the sample simply as they just happen to be situated, spatially or administratively, near to where the researcher is conducting the data collection (Etikan, Musa, & Alkassim, 2016).

This non-probability method was adopted due to the non-availability of a sampling frame to the researcher, time limitation and limited access to governmental platforms and data which are valid reasons to opt for convenience sampling (Baker, 1993).

Non-probability techniques compared to Probability sampling techniques is less time-consuming as it does not necessitate a sampling frame which is time-consuming (Saunders et al., 2015). According to Saunders et al. (2015), although convenience sampling (also known as availability sampling) is widely used, it is subjected to bias and influences that are beyond the researcher’s control. Also, Saunders et al. (2015) point out that in convenience sampling, cases appear in the sample due to the ease of obtaining them. Therefore, it is recommended to make a statement about the people who felt strongly enough about the subject of the research question to answer it. Although findings from convenience samples are often given very little credibility, Saunders (2012) states that samples ostensibly selected for convenience often meet the selection criteria of purposive samples that are relevant to the research aim. In addition, some of the advantages of convenience sampling are affordability, easiness, and availability of the subjects (Etikan et al., 2016). Palinkas et al. (2015) stated that the fundamental objective of convenience sampling is to collect information from participants who are easily accessible to the researcher. However, convenience sampling has some disadvantages. For example, it is likely to be biased as pointed out by Mackey and Gass (2015). Also, the issue of outliers is one of the shortcomings of convenience samples due to

the high self-selection possibility (Etikan et al., 2016). Outliers are cases that are considered not belonging to the data. Leiner (2014) argued that convenience samples could be unpredictable due to their vulnerability to hidden biases.

However, the choice of non-probability convenience sampling to conduct this research is influenced by limited resource availability, in particular financial support, and time available to select the sample and to collect, input and analyse the data. In addition, in previous studies exploring the factors influencing household waste separation behaviour, some researchers applied non-probability convenience sampling due to limited access and time constrain such as Razali et al. (2020).

3.3 Data Collection Procedure

The questionnaire will be shared online with the through the researcher's networks that are considered as executives of SMEs with a stake in the strategy and execution of digital marketing. The questionnaire will be shared in both Arabic language which is the official language of Bahrain and English which is widely spoken especially by the non-Bahraini community constituting 53.9% of the population (Information and e-Government Authority, 2023).

3.4 Questionnaire Design

The questionnaire is adopted from the study of Ravindran et al. (2023) which is based on existing literature and the theoretical model. It is divided into two parts. The first part covers basic personal and professional information about respondents including age, gender, educational background, occupation, business size and business activity (See Appendix A). The second part of the questionnaire is about the dependant an independent variable of the study. The two dependant variables are (1) sales performance (SP) and (2) Business

sustainability (BS). The three independent variables are (1) mobile marketing (MM), (2) social media marketing (SM) and (3) search engine marketing (SE). The questionnaire style is multiple choice questions in which for each questionnaire item, excluding the questions on demographics, the respondents were asked to indicate the extent of their agreement with the given statements on a 5-point Likert scale, from 1 to 5, where 1 = *strongly disagree* and 5 = *strongly agree*. Table 1 below describes the measurement instruments.

Table1

Research instruments

Variable	Measurement Item	Measurement Item Explained
Mobile Marketing (MM)	MM1	Mobile marketing (e.g. SMS & MMS*) help to improve the sales volume
	MM2	Mobile marketing help to enhance the quantity sales
	MM3	Mobile marketing plays a key role in customer satisfaction
Social Media Marketing (SM)	SM1	Social media marketing (e.g. Facebook, Twitter, Blogs. Etc.) help to improve the sales volume
	SM2	Social media marketing (e.g. Facebook, Twitter, Blogs. Etc.) help to enhance the quantity sales
	SM3	Social media marketing plays a key role in customer satisfaction
Search Engine Marketing (SEM)	SEM1	Search Engine Marketing help to improve the sales volume
	SEM2	Search Engine Marketing help to enhance the quantity sales
	SEM3	Search Engine marketing plays a key role in customer satisfaction
Sales performance (SP)	SP1	In the past 5 years the sales volume improved
	SP2	In the past 5 years the Revenue generated improved
	SP3	In the past 5 years the Accounts acquired improved
Business sustainability (BS)	BS1: Customer Satisfaction	In the past 5 years the Customer relationship satisfaction improved
	BS2: Cost effectiveness	In the past 5 years, the performance within the agreed expense budget improved

Note: *Short message services (SMS) and multimedia messaging (MMS)

3.5 Data Analysis Procedure

To analyze the data, two software are used: (1) Statistical Package for Social Science (SPSS) and (2) SmartPLS. The software versions used are SPSS Statistics ver.28 and SmartPLS 4, respectively. SPSS is mainly used to generate the descriptive statistics and SmartPLS is used to evaluate the model and run Partial Least Square Structural Equation Modeling (PLS-SEM).

PLS-SEM is a common method of SEM that confirms the effectiveness of the measurement model and evaluates the structure model (Fornell & Larcker, 1981; Hair et al., 2012). PLS-SEM is recommended for nonnormal distributions and small samples which resonates with this study (Khan et al., 2019). SEM uses specific statistical analysis techniques such as measurement theory, factor analysis and path analysis to deal with theoretical models of multifaceted phenomena as in this study.

SEM is one of the most popular methodologies used in statistical science that was first used as a psychological tool. It has been widely used in social and behavioural studies to test theories based on empirical data which is the case in this research (Sinharay, 2010). What makes it advantageous in this field of study is the ability of SEM to deal with multivariate models and examine the correlation between multiple variables including observed variables (items) and latent variables (constructs) (Sinharay, 2010).

Using SEM allows to visualize the hypothesis model and reflect the connection between the variables in a path diagram which makes it more appealing and easier for data interpretation. SEM could be described as the combination of confirmatory factor analysis and path analysis.

To sum up, there are several reasons for using PLS-SEM in this study. First, the researcher values soft distributional assumption and faces a relatively smaller sample size. Second, PLSE-SEM gives clear reporting for recursive models described through graphical representation and simple language.

3.6 Ethical Consideration

When conducting survey research, the issue and importance of ensuring the protection of the respondents arises. Hence, it is essential to consider ethical aspects and meet ethical standards before proceeding with data collection.

To establish and guarantee the privacy of research participants, five main principles can be used towards survey participants as stressed by most professional codes of ethics: voluntary participation, informed consent, no harm, confidentiality anonymity, and privacy (Baker, 1993; De Vaus, 2013).

To have the informed consent of participants and ensure they understand that participation is voluntary and to meet the five principles, it was explicitly stated at the beginning of the questionnaire. In addition, informed consent means that participants are informed about a range of matters related to the survey such as the purpose and benefits of the study, the identity of the researcher and an offer to answer their questions if they have any which was all stated (De Vaus, 2013).

Chapter 4: Data Analysis and Discussion

To approach the research questions of this study, the data analysis consists of four parts. First, Demographic analysis. Second, descriptive analysis. Third, PLS-SEM consisting of the measurement model and the structural model.

4.1 Demographic Analysis

This section describes the demographic factors of the participants in the survey.

RESULTS & ANALYSIS TO BE REPORTED AFTER DATA COLLECTION

4.2 Descriptive Analysis

This section outlines the descriptive statistics of respondents based on the constructs of the theoretical model which are sales performance (SP), business sustainability (BS), mobile marketing (MM), social media marketing (SM) and search engine marketing (SE).

RESULTS & ANALYSIS TO BE REPORTED AFTER DATA COLLECTION

4.3 Partial Least Square Structural Equation Model Analysis (PLS-SEM)

The results of PLS-SEM are presented in two phases. First, assessing the measurement model focused on the reliability and validity of the items used. Second, Testing the structural model focused on the hypotheses testing (Hair et al., 2022; Henseler & Fassott, 2010). The justification for using PLS-SEM is explained in the previous methodology chapter.

4.3.1 Model Evaluation: Measurement Model (Validity & Reliability)

The first part of model evaluation is to present what is termed the measurement model results (Henseler & Fassott, 2010). Hence, the reliability and validity of the items representing each latent variable are tested with the aid of SPSS 28.0 and Smart-PLS 4.0 statistical analysis software.

First, reliability was tested via two indicators: (1) Cronbach's alpha, and (2) Composite reliability (CR). Cronbach's alpha refers to a measure of internal consistency, which indicates how closely the items are related in each construct/variable. CR measures the sum of the

factor loadings of latent variables in relation to the sum of the factor loadings and variance error (Fabrigar, Wegener, & MacCullum, 1999) which evaluates the reliability of latent variables . This is shown in the below formula:

$$\text{Composite reliability} = \frac{\text{Factor loadings squared}}{\text{Factor loadings squared} + \text{Error variance}}$$

According to George and Mallery (2019), if Cronbach alpha exceeds 7 it is acceptable: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and _ < .5 – Unacceptable” (p. 236). As for composite reliability, values of all latent variables should exceed 0.7 (Fornell & Larcker, 1981).

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Second, two types of validity are examined: convergent validity and discriminant validity. Convergent validity is defined by Henseler and Fassott (2010) as “the extent to which blocks of items strongly agree (i.e., converge) in their representation of the underlying construct they were created to measure.” (p. 674). In other words, it tests how high are each of the loadings whether each item reflects the same construct. This is tested via factor loadings and Average Variance Extracted (AVE). Anderson and Gerbing (1988) describe factor loadings as the correlation of each item with the construct factor. The common standard for factor loadings is 0.5 or above (Hair et al., 2022). As for AVE, it was originally proposed by Fornell and Larcker (1981) and attempts to gauge the amount of variance that a latent variable capture from its items relative to the amount due to measurement error. Ideally, AVE for each construct should exceed 0.5 (Fornell & Larcker, 1981; Henseler & Fassott, 2010).

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On the other hand, discriminant validity uses a more detailed set of information to examine how each item relates to each variable not just by looking at how strongly it is related to its respective variable, but it states that it should not have a stronger connection with another variable (Henseler & Fassott, 2010). This is to ensure that the item in question can discriminate whether it belongs to its the intended variable or not. Two approaches were used to assess discriminant validity: (1) cross-loadings comparison method and (2) Fornell-Larcker criterion. In the first method, the item's outer loading on its respective construct should be greater than its loadings on any other construct (Hair et al., 2022).

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The Fornell and Larcker (1981) criterion compares the square root of the average variance extracted (AVE) with the correlations among constructs to test whether each construct's AVE is greater than its squared correlation with the remaining constructs.

RESULTS & ANALYSIS TO BE REPORTED AFTER DATA COLLECTION

4.3.2 Model Evaluation: Structural Model and Hypotheses testing

Before evaluating the structural model, it is critical to examine the collinearity issues in PLS-SEM. Therefore, full collinearity variance inflation factors (VIFs) are assessed to check for multicollinearity issues. Hair et al. (2022) stated that “the term VIF is derived from its square root ($\sqrt{\text{VIF}}$) being the degree to which the standard error has been increased due to the presence of collinearity” (p.143). VIF values of 5 and higher indicate a potential collinearity problem.

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Additionally, to proceed with PLS-SEM via SmartPLS 4, the model fit was assessed using Standardized Root Mean Square Residual (SRMR) indices which should not exceed 0.08 (Henseler et al., 2014; Hu & Bentler, 1999).

4.3.3 Structural Model (Hypothesis Testing)

To test the structural model, PLS-SEM was adopted to describe the causal relationships between the constructs of the model and to test the hypotheses. This is evaluated by looking at the path coefficients and R² values of the endogenous variables (Hair et al., 2022) as the main focus of PLS analysis relies on the variance explained and the significance of all path estimates (Henseler & Fassott, 2010).

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Hypotheses Path	Path Coefficient (β)	Significance (P-Value)	T	Interpretation	Results
H1: DM $\rightarrow$ SP					
H1a: MB $\rightarrow$ SP					
H1b: SM $\rightarrow$ SP					
H1c: SE $\rightarrow$ SP					
H2: DM $\rightarrow$ BS					
H2a: MB $\rightarrow$ BS					
H2b: SM $\rightarrow$ BS					
H2c: SE $\rightarrow$ BS					

Chapter 5: Discussion, Conclusion, Recommendations and Limitations

This chapter further looks at the discussion of hypotheses results and interpretation, draws a comparison between other research from the literature, and identifies the study's limitations with suggestions for future research. The chapter concludes with managerial implications to improve government policies.

5.1 Discussion: Interpretation of Hypotheses Results

TO BE REPORTED AFTER DATA COLLECTION

Further interpretation of each hypothesis and comparison with other researches is to be discussed below

H1: Digital marketing practices have a significant influence on the sales performance of SMEs.

H1a: Mobile marketing has a significant effect on the sales performance of SMEs.

H1b: Social media marketing has a significant effect on the sales performance of SMEs.

H1c: Search engine marketing has a significant effect on the sales performance of SMEs.

H2: Digital marketing practices have a significant influence on the business sustainability of SMEs.

H2a: Mobile marketing has a significant effect on the business sustainability of SMEs.

H2b: Social media marketing has a significant effect on the business sustainability of SMEs.

H2c: Search engine marketing has a significant effect on the business sustainability of SMEs.

5.2 Limitations and Suggestions for Future Research

Although this research contributes to the understanding of digital marketing impact on sales performance and business sustainability, it is undeniable there are several limitations in this research.

First, due to the researcher's lack of access to a database of SMEs, convenience sampling was used and a survey was distributed online. This affected the generalizability of the study. Future research with access to governmental data could do a probability sampling technique

such as random sampling or stratified sampling to enhance the generalizability of the research.

Second, this study was self-reported quantitatively using Likert-scale-based questions. The respondents might be self-aware or have a bias when reporting their answers. Thus, it is recommended to incorporate some qualitative information to overcome this limitation in future studies such as face-to-face interview to improve the quality of information.

5.3 Managerial Implications

On the bases of the above research results and discussion, several recommendations are suggested from business perspective to further enhance sales performance of SMEs in the Kingdom of Bahrain.

TO BE REPORTED BASED ON FINAL RESULTS

In conclusion, this study has examined the impact of digital marketing strategies on sales performance and business suitability of SMEs in the Kingdom of Bahrain. Through a comprehensive review of relevant literature, theoretical frameworks, and empirical evidence, several key insights have emerged.

Firstly, market orientation plays a crucial role in aligning organizational activities with customer needs and market dynamics. Studies have consistently demonstrated the positive relationship between market orientation and firm performance, highlighting its significance in driving sales effectiveness, innovation implementation, and overall competitiveness. Moreover, the mediating role of market orientation in enhancing the performance of entrepreneurial endeavors underscores its importance for SMEs operating in dynamic markets like Bahrain.

Secondly, digital marketing strategies have become increasingly integral to modern marketing practices, offering opportunities for enhancing brand visibility, customer

engagement, and sales performance. Research indicates that leveraging digital channels, such as social media, content marketing, and online advertising, can significantly impact market reach, customer acquisition, and revenue generation. Furthermore, the interplay between internal market orientation and employee organizational commitment underscores the importance of fostering a customer-centric culture within organizations to drive sales performance.

Lastly, the relationship between market orientation, digital marketing strategies, and sales performance is complex and multifaceted. While market orientation provides a strategic foundation for understanding customer needs and preferences, digital marketing strategies offer tactical tools for engaging with customers and driving sales outcomes. The effective integration of market orientation and digital marketing strategies requires organizations to adopt holistic approaches, leveraging both customer insights and technological capabilities to achieve competitive advantage and sustainable growth.

Overall, this study contributes to both theoretical understanding and practical insights in the field of industrial marketing. By synthesizing existing knowledge and identifying research gaps, it provides a foundation for future research endeavors aimed at exploring the dynamics of market orientation, digital marketing strategies, and sales performance within the unique context of Bahrain's industrial sector. Moreover, the findings of this study hold implications for industrial practitioners, policymakers, and academic scholars, offering valuable guidance for refining marketing strategies, promoting economic growth, and advancing knowledge in the field of marketing and industrial development.

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Appendix A

Welcome and Instructions

Dear Respondent,

We are asking for your **voluntary** participation in the data collection about **The impact of Digital Marketing on Sales Performance and Business Sustainability of SMEs in Bahrain**. This research study is being conducted by a student Midocean University.

If you agree to participate in the study, please note that the information you provide will be kept **confidential**. If you choose not to participate, you may withdraw from this survey at anytime.

Your honest answers to the survey questions are highly appreciated.

Thank you for your help!

Sincerely,
Abbas Altaraifi

Section 1: General Information (Demographics)

1. I am:
☐ Male
☐ Female
2. I am
☐ Bahraini
☐ Non-Bahraini
3. What is your age?
☐ Below 24 years
☐ 25 – 30 years
☐ 31 – 35 years
☐ 36 – 40 years
☐ 41 – 45 years
☐ 45 and above
4. What is your highest Academic degree:
☐ Secondary/ High School Diploma
☐ Undergraduate
☐ Postgraduate/ Higher Education
☐ Other (Please specify): -----
5. What is your occupation?
☐ Business Owner
☐ Employed (Salaried)
☐ Other (Please specify): -----

6. What is the size of the Business you are engaged in?

- ☐ Micro (Up to 5 employees)
- ☐ Small (6 to 50 employees)
- ☐ Medium (51 to 100 employees)

7. What is the activity of the business you are engaged in?

- ☐ Manufacturing
- ☐ Transport
- ☐ Construction
- ☐ Trade and commerce
- ☐ Service
- ☐ Other (Please specify): -----

Section 2: Digital Marketing impact on Sales Performance and sustainability

Please **rate the following statements by selecting what best describes your opinion** from 1 to 5, where 5 = Very great extent, 4= Great extent, 3= Moderate extent, 2= To Small extent and 1= Not at all

1. Mobile marketing (e.g. SMS & MMS*) help to improve the sales volume
2. Mobile marketing help to enhance the quantity sales
3. Mobile marketing plays a key role in customer satisfaction
4. Social media marketing (e.g. Facebook, Twitter, Blogs. Etc.) help to improve the sales volume
5. Social media marketing (e.g. Facebook, Twitter, Blogs. Etc.) help to enhance the quantity sales
6. Social media marketing plays a key role in customer satisfaction
7. Search Engine Marketing help to improve the sales volume
8. Search Engine Marketing help to enhance the quantity sales
9. Search Engine marketing plays a key role in customer satisfaction
10. In the past 5 years the sales volume improved
11. In the past 5 years the Revenue generated improved
12. In the past 5 years the Accounts acquired improved
13. In the past 5 years the Customer relationship satisfaction improved
14. In the past 5 years, the performance within the agreed expense budget improved

Others (optional)

1. Are you getting interested in this research?

- ☐ Yes

- ☐ No
- ☐ Maybe

3. Any comments or messages for this survey/research? (Your precious suggestions are appreciated!)