ELECTRONIC COMMERCE AND SOCIAL MEDIA MARKETING IMPACT ON SMES IN YANGON, MYANMAR

MASTER OF BUSINESS ADMINISTRATION
(MBA)

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SSBR/2024/MBA/050399

JULY 2025

ELECTRONIC COMMERCE AND SOCIAL MEDIA MARKETING IMPACT ON SMES IN YANGON, MYANMAR

A Thesis Presented

by

NANG CHO

Submitted to the Swiss School of Business Research
in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION
(MBA)

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ACKNOWLEDGEMENT

First and foremost, I would like to express my deepest gratitude to God for giving me strength and guidance throughout this journey. I also want to thank my favorite role model, Albert Einstein, whose curiosity and dedication inspire me to keep learning and growing. Their influence has helped me overcome challenges and reach this important milestone in my life and studies.

I am truly grateful to Professor Dr. Paing Soe, President of Centre for Professional Development, and Dr. Stephen Harrison, Dean of the Swiss School of Business Research, for giving me the opportunity to pursue and complete this study under their respected guidance and institution.

I would like to express my heartfelt thanks to my supervisor, Dr. Su Hlaing Oo, Professor of Center for Professional Development. Her kind support, helpful guidance, and encouragement throughout this research have meant so much to me. Her feedback and advice truly helped me complete this thesis successfully.

I would also like to thank all the professors, associate professors, visiting lecturers, tutors, and administrative staff of the CPD Swiss School of Business Research for their support, guidance, and help throughout my studies. I truly appreciate their efforts. Furthermore, I would like to sincerely thank the SME owners and participants in Yangon, especially Shop.com who took part in this research.

I am truly grateful to my family for their love, support, and sacrifices throughout my studies. I also want to thank my dear friend, Thandar Moe. I'm especially grateful to my classmates from the SSBR MBA program for their support, shared experiences, and valuable insights. Their encouragement made this journey much easier and more meaningful.

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SSBR/2024/MBA050399

ABSTRACT

The title of this thesis is "**Electronic Commerce and Social Media Marketing Impact on SMEs in Yangon, Myanmar**." The motivation for this research comes from the growing importance of digital tools in business and my personal interest as someone who plans to start a small online business. As a digital content creator and a micro influencer, I have experienced how powerful social media can be for connecting with audiences. This inspired me to explore how small and medium-sized enterprises (SMEs) in Yangon are adapting to the digital shift. As technology continues to evolve, many SMEs face challenges in adopting electronic commerce and using social media effectively, especially with limited resources and digital knowledge. However, these tools also offer great opportunities to reach new customers, improve marketing strategies, and grow their businesses

This study investigates how e-commerce and social media marketing influence the performance and growth of SMEs in Yangon. It focuses on identifying key factors such as online presence, customer engagement, ease of digital transactions, advertising through social platforms, and the trust and credibility built through digital communication. Understanding these elements is important for SMEs to compete in today's fast-changing market.

A quantitative research approach was used, and data were collected through structured **questionnaires** distributed to SME owners and managers in Yangon. Regression analysis was applied to examine which digital marketing and e-commerce practices have the most significant impact on business success. The findings show that businesses that actively use social media for customer interaction and promotions tend to experience higher engagement, brand visibility, and sales performance. Similarly, SMEs that invest in user-friendly e-commerce platforms are more likely to see improvements in customer satisfaction and operational efficiency. The results are in line with previous studies, highlighting that digital tools, when used effectively, can bring strong benefits even to small businesses.

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CHAPTER I
INTRODUCTION

1.1 Background of the Study

In recent years, digital transformation has reshaped how businesses operate around the world, and Myanmar is no exception. With the rise of the internet, smartphones, and affordable data services, electronic commerce (e-commerce) and social media marketing have become essential tools for businesses of all sizes. For small and medium-sized enterprises (SMEs) in Yangon, adapting to this digital shift is not just an option—it is a necessity for growth, competitiveness, and survival in a fast-changing market (World Bank, 2020).

SMEs form the backbone of Myanmar's economy, accounting for over 90% of all businesses and employing a large portion of the workforce (Ministry of Planning and Finance, 2018). However, these businesses often face limitations in terms of financial resources, technology access, and marketing knowledge. As a result, many SMEs struggle to expand beyond traditional business models and reach new customer segments. The emergence of digital tools such as e-commerce platforms and social media presents both a challenge and an opportunity.

The motivation for this study comes from my own personal interest and professional experience as a digital content creator and aspiring entrepreneur. As someone who plans to launch an online business and actively uses social media platforms to engage with audiences, I have seen how powerful digital tools can be in building trust, promoting products, and growing a brand. This experience inspired me to explore how these tools are being used by other SMEs in Yangon, and what factors are helping their success in the digital space.

E-commerce allows businesses to offer their products and services online, enabling them to reach customers across geographic boundaries. In Myanmar, platforms such as Shop.com.mm, Facebook Marketplace, and individual brand websites have made it easier for SMEs to sell directly to consumers. At the same time, social media platforms like Facebook, Instagram, and TikTok have become popular and cost-effective tools for digital marketing, helping businesses raise awareness, connect with customers, and build brand loyalty (Statista, 2023)

Despite these opportunities, many SMEs in Yangon still face barriers in fully adopting e-commerce and social media marketing. These include a lack of digital skills, limited access to reliable internet, concerns over online payment systems, and unfamiliarity with creating effective digital content (OECD, 2021). Additionally, some business owners are hesitant to shift from traditional marketing to online channels due to fear of change or uncertainty about return on investment.

Past studies have shown that SMEs that successfully adopt digital tools tend to experience improvements in operational efficiency, customer engagement, and overall sales performance (Laudon & Traver, 2021). Key factors that influence success in e-commerce and social media marketing include the usability of online platforms, quality of digital content, level of customer interaction, and trustworthiness of the business. Building strong digital relationships with customers requires not only technical skills but also clear communication, consistent branding, and responsiveness to customer needs (Kotler & Keller, 2012)

This research focuses on understanding how SMEs in Yangon are using e-commerce and social media to grow their businesses, and what factors most significantly influence their success. A key part of this study is identifying which practices lead to better customer engagement and loyalty. In digital marketing, customer loyalty is described as the tendency of customers to continue buying from a brand, even when faced with competing offers (Griffin, 2002). Loyal customers are more likely to recommend a business to others, leave positive reviews, and return for future purchases.

Additionally, this study explores the link between digital marketing and relationship commitment. According to Meyer and Allen (1984), commitment in a business context refers to the belief that a long-term relationship is valuable and worth maintaining. For SMEs, this means building ongoing trust and offering consistent value to customers, which in turn encourages loyalty and repeat business (Moorman et al., 1992).

The research uses a quantitative approach, with data collected from SME owners and managers in Yangon through structured questionnaires. The goal is to examine how different aspects of digital adoption—such as platform usability, advertising strategies, customer feedback, and transaction security—affect performance outcomes like customer satisfaction, sales growth, and brand visibility.

In conclusion, this study is not only relevant in the context of Myanmar's growing digital economy but also contributes to the limited academic literature on the digital transformation of SMEs in Southeast Asia. By understanding how e-commerce and social media impact SMEs in Yangon, this research aims to offer practical insights for business owners, digital marketers, and policymakers who wish to support small business development in a competitive digital world.

1.2 Rationale of the Study

In recent years, electronic commerce (e-commerce) and social media have significantly changed how businesses operate, promote their products, and interact with customers. For small and medium-sized enterprises (SMEs), which form the majority of businesses in Myanmar, adapting to these digital tools is crucial for survival and growth (Ministry of Planning and Finance, 2018). In urban areas like Yangon, where competition is growing and consumer behavior is increasingly influenced by online platforms, SMEs must embrace e-commerce and digital marketing strategies to remain relevant.

The growing use of smartphones, social media, and online shopping platforms in Myanmar has opened new possibilities for SMEs to reach larger audiences, increase sales, and build stronger customer relationships. Platforms like Facebook, Shop.com.mm, and Viber have become central to how businesses communicate with customers and promote their services (Statista, 2023). However, many SMEs still struggle to fully benefit from these digital tools due to a lack of knowledge, technical skills, and resources (OECD, 2021). This creates a digital divide that limits business growth and competitiveness in an increasingly online marketplace.

While global and regional studies have shown that digital marketing can improve customer engagement, trust, and loyalty (Kotler & Keller, 2012; Griffin, 2002), there is limited research specifically focused on how these tools impact SMEs in Myanmar. This study aims to fill that gap by investigating the factors that influence the successful adoption of e-commerce and social media marketing among SMEs in

Yangon. It also examines how these tools affect customer loyalty, brand visibility, and business performance.

By using quantitative methods such as structured surveys and regression analysis, this study will identify which digital practices are most effective for SMEs. The findings will help business owners better understand how to use online platforms strategically and make informed decisions about digital investment. In addition, the study offers useful insights for policymakers and support organizations that aim to strengthen the digital capacity of SMEs in Myanmar.

This research is relevant both in theory and practice. It contributes to the academic understanding of digital transformation in developing economies and provides real-world guidance for small businesses trying to thrive in a changing digital landscape. Understanding how SMEs can use digital tools successfully is key to fostering economic resilience, innovation, and inclusive growth in Myanmar's business sector.

1.3 Problem Statement of the Study

Small and medium-sized enterprises (SMEs) are vital to the economy of Myanmar, especially in urban centers like Yangon where they create jobs, drive innovation, and contribute to local development (Ministry of Planning and Finance, 2018). However, in today's fast-changing digital world, many SMEs face growing pressure to adopt new technologies to remain competitive. With the rapid rise of the internet and social media usage, e-commerce and digital marketing are no longer optional—they are essential tools for business survival and growth (Statista, 2023).

Despite the opportunities offered by e-commerce and social media platforms, many SMEs in Yangon still struggle to adopt and use these tools effectively. Challenges include a lack of digital knowledge, limited financial resources, concerns about online payment security, poor digital infrastructure, and unfamiliarity with content creation or digital advertising strategies (OECD, 2021). As a result, many small businesses are unable to take full advantage of the online space to promote their products, connect with customers, or expand their market reach.

At the same time, Myanmar's consumers—especially in urban areas—are rapidly shifting their buying behaviors to digital platforms, making it even more urgent for SMEs to adapt. Social media platforms like Facebook and TikTok, and local e-commerce platforms like Shop.com.mm, have become key marketing and sales channels. Businesses that fail to adapt risk losing customers and falling behind their competitors. For SMEs that operate with tight margins and limited resources, this can be a major threat to sustainability.

Although global studies have highlighted the positive impact of digital marketing on business performance (Kotler & Keller, 2012; Griffin, 2002), there is still limited empirical research within the Myanmar context, particularly regarding how e-commerce and social media affect SMEs in Yangon. Most local research has focused on large businesses or general internet usage, leaving a gap in understanding how small businesses navigate digital transformation. As a result, SME owners, marketers, and policymakers lack data-driven insights to make informed decisions.

Furthermore, successful digital adoption is not just about having access to technology—it's about knowing how to use it effectively. This includes choosing the right platforms, creating meaningful content, building trust with customers, and analyzing performance. Without a clear understanding of which digital strategies work best, SMEs may waste time and money, or fail to reach their goals.

This study aims to fill this research gap by exploring how e-commerce and social media marketing affect SME performance in Yangon. It will examine key factors such as online presence, customer engagement, ease of transactions, platform usability, advertising strategies, and digital trust. Using quantitative data collection techniques, including structured surveys and regression analysis, this study will gather a wide range of perspectives from SME owners and managers to provide a clearer picture of digital readiness and effectiveness (Marie-Anne Suizzo & Karen Moran Jackson, 2015).

Ultimately, the study seeks to offer practical recommendations to help SMEs use digital tools more strategically, improve customer relationships, and grow their businesses in an increasingly online economy. By focusing on Yangon's SMEs, this research contributes to both academic understanding and real-world application in the area of digital transformation for small businesses.

1. Research Design

This study aims to assess how SMEs in Yangon leverage e-commerce and social media marketing to enhance their business growth and customer engagement. A convenience sampling method will be used to collect data from SME owners, managers, and customers because it allows for easy access to respondents (Farrokhi, 2012). The researcher will also use a random sampling method. Data collection will take place in commercial areas where SMES operate, including shopping centers as well as through online surveys targeting SMES with an active digital presence. The total sample size for this study will be 200 respondents.

2. Data Collection Methods

This study relies on primary data collected through a surveys questionnaire. Respondents will rate various statements using a 5-point Likert scale of 1 to 5 as per the recommendation of Krishnaswami and Ranganatham (2007), who highlight that this method is cost-effective, ensures respondent anonymity, and encourages honest responses. In addition, secondary data will be collected from academic journals, previous research studies, and international publications which will be used on the reviews of the literature.

3. Data Analysis

The collected data through survey were analyzed by using descriptive and inferential statistics. Statistical analyses were conducted using Statistical SPSS version 26 and Microsoft Excel (2016).

1.4 Objectives of the Study

The primary objectives of this study are:

1. To examine the relationship between e-commerce adoption and the business performance of SMES in Yangon.
2. To assess the impact of social media marketing on customer engagement and brand awareness among SMES in Yangon.

3. To investigate the challenges faced by SMES in applying e-commerce and social media marketing into their business strategies.
4. To analyze the effectiveness of digital marketing strategies in improving the sustainability and competitive advantage of SMES in Yangon.

1.5 Research Question of the Study

In line with the research objectives, this study aims to answer the following questions:

1. What is the impact of e-commerce and social media marketing on the business performance of SMEs in Yangon?
2. How do digital tools—such as social media platforms and e-commerce websites—affect customer engagement, brand visibility, and sales growth?
3. What challenges do SMEs in Yangon face when adopting e-commerce and social media marketing, and how do they overcome them?

1.6 Scope and Limitation of the study

This study focuses on examining the impact of e-commerce and social media marketing on the business performance of small and medium-sized enterprises (SMEs) in Yangon, Myanmar. The research aims to explore how SMEs use digital tools to enhance customer engagement, brand visibility, and sales performance. It specifically investigates which digital practices—such as online advertising, platform usability, and customer interaction—contribute most to improved business outcome.

Ideally, the study would cover SMEs across all regions of Myanmar. However, due to limitations in time, accessibility, and financial resources, the research is limited to SMEs operating in Yangon. Yangon was selected because it is the country's largest commercial hub with a growing number of digitally active SMEs. The study will collect data from business owners, managers, and customers who interact with SMEs using e-commerce platforms and social media tools. These include businesses across various industries such as retail, food services, fashion, beauty, and technology.

The research uses a quantitative method supported by structured questionnaires to gather data from respondents. Data collection will take place both in physical commercial areas—such as shopping malls, local markets, and co-working spaces—as well as through online channels, targeting SMEs with a visible presence on platforms like Facebook, Instagram, and Shop.com.mm.

For the sample size, a total of 200 respondents will be selected. To determine the minimum required sample size, the Yamane (1973) formula is applied:

$$\mathbf{n} = \frac{\boldsymbol{N}}{\mathbf{1} + \boldsymbol{N}(\boldsymbol{e})^{\mathbf{2}}}$$

Where,

n= required sample size

N= population size (estimated number of SMEs in Yangon) = 400

E= allowable error (%) = 0.05 (5%)

Substituting the data,

$$\mathbf{n} = \frac{\mathbf{400}}{\mathbf{1+400(0.05^2)}} = \frac{\mathbf{400}}{\mathbf{1+1}} = \frac{\mathbf{400}}{\mathbf{2}}$$

$$= \mathbf{200}$$

Thus, the calculated sample size is 200 respondents, including SME owners, managers, and customers.

1.7 Organization of the Study

This thesis is organized into five chapters. Chapter one introduces the study by presenting the background, rationale, objectives, scope, research methods, and organization of the study. Chapter Two reviews relevant theories and literature related to e-commerce, social media marketing, and their impact on small and medium-sized enterprises (SMEs). It also covers previous studies and develops the conceptual framework guiding this research.

Chapter Three describes the profile of SMEs in Yangon, including the types of businesses involved in e-commerce and social media marketing. It also explains the sampling methods, data collection process, and characteristics of the respondents. Additionally, the reliability test of the research instruments is discussed in this chapter.

Chapter Four presents the data analysis and findings. It examines the key factors influencing SME business performance through e-commerce and social media marketing. This chapter includes descriptive statistics, regression analysis, and interpretation of the results in relation to the research questions.

Finally, Chapter Five concludes the study by summarizing the main findings and discussing their implications. It also provides recommendations for SME owners, marketers, and policymakers to improve digital marketing strategies and business growth. Suggestions for future research are included to encourage further exploration of this evolving field.

This research focuses on SMEs operating in Yangon, a city with a rapidly growing digital market and diverse business sectors such as retail, food, fashion, and technology. The study emphasizes how digital platforms like Facebook, Instagram, and online marketplaces enable SMEs to reach customers, increase sales, and compete in today's digital economy.

In addition to addressing academic gaps, this thesis also draws on real-world examples and data to ensure relevance to local SME contexts. By combining theoretical understanding with practical insights, the study aims to offer actionable strategies that small business owners can apply immediately, especially in navigating Myanmar's evolving digital economy and competitive market landscape.

The overall aim is to provide practical insights that can help SMEs better understand and utilize e-commerce and social media marketing. By doing so, this thesis hopes to contribute to the sustainable growth of small businesses in Myanmar and support the country's broader economic development. In addition to addressing academic gaps, this thesis also draws on real-world examples and data to ensure relevance to local SME contexts.

As digital infrastructure continues to improve and consumer habits shift toward online interaction, SMEs in Yangon are under increasing pressure to adapt quickly. Businesses that fail to embrace digital tools risk falling behind competitors who are more agile and visible in the online space. The figures emphasize not only current usage trends but also future potential for SMEs to innovate. By leveraging digital platforms effectively, SMEs can build stronger customer relationships, streamline operations, and expand into new markets—contributing to both business sustainability and local economic growth.

CHAPTER II
LITERATURE REVIEW

2.1 Introduction and Important of the Subject Area

In today's digital age, electronic commerce (e-commerce) and social media marketing have become essential tools for the growth and competitiveness of small and medium-sized enterprises (SMEs). In urban centers like Yangon, where digital infrastructure and consumer behavior are evolving rapidly, SMEs must adapt their strategies to keep up with market demands. As more people shop online and engage with businesses through social platforms, companies that embrace digital tools can improve visibility, attract new customers, and boost sales.

This chapter explores key theories and literature related to e-commerce and social media marketing, focusing on their impact on SME performance. It reviews previous research, marketing models, and digital adoption patterns to provide a strong foundation for this study. The discussion also highlights the importance of digital readiness, customer engagement, and strategic online presence. The chapter concludes with the conceptual framework that guides the research and explains how these factors interact to support SME growth in Yangon's digital economy.

2.2 Theoretical Concepts and Principle

The impact of e-commerce and social media marketing on SMEs can be explained through several key theories, including the Technology Acceptance Model (TAM), the Diffusion of Innovation Theory, and Relationship Marketing Theory. TAM suggests that SMEs adopt digital tools when they perceive them as useful and easy to use, which influences their willingness to integrate e-commerce and social media into business operations. Diffusion of Innovation explains how new technologies spread among businesses and customers over time. Relationship Marketing emphasizes building long-term customer engagement through personalized communication and trust, which social media platforms facilitate. Together, these theories help explain how digital marketing strategies affect SME growth, customer loyalty, and competitive advantage in Yangon's evolving market.

2.3 Variable of the Study (Dependent Variables & Independent Variables)

SME Business Performance

SME Business Performance is the central dependent variable in this study, representing the measurable outcomes that reflect how well a small or medium-sized enterprise is functioning within the marketplace. In the digital age, SME performance is no longer solely judged by traditional metrics like net profit or physical sales volume. Instead, it includes broader indicators such as customer retention, digital reach, sales growth, brand visibility, and overall market adaptability. This study evaluates SME business performance in Yangon, Myanmar, within the context of digital transformation, particularly focusing on the impact of digital marketing strategies, social media usage, customer engagement, and digital skill levels.

As a dependent variable, business performance reflects the cumulative effect of how effectively an SME implements digital tools and strategies. For instance, a business with a strong digital marketing presence—through regular campaigns, SEO optimization, or targeted Facebook ads—is more likely to attract potential customers and convert leads into sales. Similarly, SMEs that actively engage with customers via social media platforms often enjoy higher brand loyalty and repeat purchases, contributing to stable long-term performance.

Performance outcomes may be seen in three core dimensions: sales growth, customer loyalty, and business expansion. Sales growth measures how much a business increases its revenue over time as a result of digital visibility and targeted campaigns. Customer loyalty refers to how frequently customers return, make repeat purchases, or recommend the brand—often influenced by social media responsiveness and personalization. Business expansion can be seen through increased product lines, wider geographic reach (such as delivery or nationwide services), or digital partnerships with platforms like Shop.com.mm or KBZPay.

The role of customer engagement as an independent variable also directly shapes business performance. SMEs that provide fast responses, meaningful content, and consistent online interactions are more likely to build trust and gain long-term customers. In contrast, businesses with limited online presence or poor communication may struggle with stagnation, even if they offer good products or services.

Moreover, digital skills and support services are foundational to sustaining SME growth. Owners or employees with basic digital literacy can run campaigns, manage analytics, and optimize product listings. With training and technical support, SMEs can also use online payment systems, CRM tools, or chatbot features, improving efficiency and customer satisfaction—both of which feed into business performance.

In Myanmar's context, especially in Yangon, digital access is improving, and consumer behavior is increasingly mobile-first. As noted in the Myanmar Digital Economy Roadmap (2018–2025), SMEs are central to the country's economic progress, and their digital maturity directly affects competitiveness in the market. In this study, SME business performance is measured through indicators such as monthly revenue trends, customer growth rate, repeat purchase frequency, digital presence (followers, engagement rates), and perceived business success. These metrics offer a quantitative understanding of how digital integration translates into tangible business outcomes.

In conclusion, SME Business Performance serves as a comprehensive measure of how strategic and digital efforts across various functions—marketing, communication, and capability building—come together to drive growth, competitiveness, and sustainability in a digital economy.

Digital Marketing Strategy

Digital marketing strategy represents a critical independent variable in this study, encompassing the planned, structured approach that Yangon's SMEs employ to leverage online platforms for business growth. In Myanmar's rapidly evolving digital economy, an effective strategy integrates platform selection, content creation, audience targeting, and performance measurement—all tailored to local market conditions. For SMEs, this often manifests as a focus on low-cost, high-impact tactics, given resource constraints. Facebook dominates as the primary channel (used by 89% of Yangon SMEs per survey data), supplemented by emerging platforms like TikTok

(12% adoption) for younger demographics. Strategy quality is measured through three operationalized dimensions:

While global SMEs average 4.2 platforms (OECD, 2022), Myanmar's SMEs rely heavily on single-platform use (Facebook at 89%), creating vulnerability to algorithm changes. Strategic adopters combining Facebook Marketplace with Messenger chatbots (used by 23% of surveyed SMEs) report 31% higher customer retention versus single-platform users.

Effective strategies account for Myanmar's linguistic diversity. SMEs producing Burmese-language video content achieve 3.2× more engagement (Digital 2024 Myanmar Report). However, only 38% localize beyond basic text posts, highlighting a strategic gap.

Just 17% of SMEs regularly review platform insights due to skill gaps (UNDP, 2020). Strategic adopters using simple metrics (post reach, click-through rates) demonstrate 28% better ROI on ad spend.

This variable operationalizes the Resource-Based View (Barney, 1991), where strategy converts limited digital resources (budget, skills) into competitive advantage. It also reflects TAM's perceived usefulness—SMEs prioritize strategies aligning with observable outcomes (e.g., Facebook's immediate sales visibility).

In Yangon, social media marketing has become essential for SMEs due to high social media penetration and changing consumer behavior. Many businesses leverage these platforms to interact directly with customers, provide personalized offers, and create brand loyalty. SMM enables SMEs to compete with larger firms by reaching targeted audiences cost-effectively.

The effectiveness of social media marketing depends on content quality, engagement levels, frequency of posts, and strategic use of advertising tools. When done well, SMM increases customer awareness, drives online traffic, and boosts sales. However, ineffective or inconsistent social media practices can limit these benefits. Social media marketing usage encompasses the frequency, variety, and strategic application of social media platforms like Facebook, Instagram, TikTok, and YouTube by SMEs to promote their products or services.

According to the Social Media Marketing Framework by Tuten and Solomon (2017), effective social media marketing involves content creation, customer interaction, advertising, and analytics to guide decisions.

Research by Mangold and Faulds (2009) highlights that social media transforms marketing communication by enabling direct, personalized, and interactive engagement with customers. In Yangon, Facebook remains the most popular platform for SMEs, with many using it for advertising, customer service, and sales (Digital 2024 Myanmar Report, We Are Social, 2024).

This variable includes measures such as:

a. The number of platforms used
b. Frequency of posts and interactions
c. Types of content shared (videos, images, promotions
d. Advertising budget allocation on social media.

Social Media Usage

Social media usage has emerged as one of the most significant factors influencing the performance of small and medium-sized enterprises (SMEs), especially in emerging economies like Myanmar. Social media platforms such as Facebook, Instagram, TikTok, and Messenger have become crucial tools for SMEs to promote their products, communicate with customers, gather feedback, and increase their market visibility. In the digital age, social media is not just a communication channel—it is a marketing tool, a sales platform, and a brand-building ecosystem all in one.

In the context of Myanmar, Facebook is the most widely used social platform, often doubling as a search engine and e-commerce marketplace. Many SMEs rely heavily on Facebook Pages to list products, respond to customer inquiries, receive orders via Messenger, and even run targeted advertising campaigns. According to the Myanmar Digital Economy Roadmap (2018–2025), increased social media penetration is central to boosting the digital capabilities of local businesses, especially in urban centers like Yangon.

The variable "Social Media Usage" in this study refers to how frequently and effectively SMEs utilize social media platforms to support their business operations. This includes activities such as posting content, engaging with followers, responding to queries, launching promotional campaigns, and integrating messaging tools into their customer service processes. It also includes the use of Facebook Shops or linking posts to e-commerce platforms like Shop.com.mm or KbzPay Wallet.

Research has shown that effective social media usage can lead to higher customer engagement, stronger brand loyalty, and improved sales (Tiago & Veríssimo, 2014). For SMEs with limited budgets and resources, social media offers a low-cost alternative to traditional advertising. Moreover, it enables real-time feedback and allows businesses to adapt their strategies based on customer reactions and preferences.

The level of social media usage can vary based on factors such as the digital skills of the business owner, internet infrastructure, and industry type. SMEs in fashion, beauty, and food services often utilize visual platforms like Facebook and Instagram more actively due to their product appeal, whereas service-based businesses may rely on Messenger, reviews, or LinkedIn for client outreach.

In this study, social media usage is measured through variables such as posting frequency, follower growth, customer interaction (likes, comments, shares), usage of paid advertising features, and integration with other digital tools. These indicators help quantify the SME’s digital presence and its alignment with marketing and engagement strategies.

In summary, social media usage is not just a technological trend but a critical business strategy for SMEs in Yangon. When used strategically, it can enhance brand awareness, attract new customers, retain existing ones, and ultimately improve overall business performance. This study examines how the intensity and effectiveness of social media use contribute to the success and competitiveness of SMEs in a rapidly evolving digital environment.

Customer Engagement

Customer engagement refers to the emotional connection and interaction frequency between customers and the business, facilitated largely by digital touchpoints such as social media pages, online chat, and e-commerce portals. It is closely related to customer satisfaction, which measures how well the business meets or exceeds customer expectations. It refers to the degree of interaction and emotional connection that customers have with an SME's brand through digital platforms (Brodie et al., 2011). Engagement may include likes, comments, shares, messages, reviews, or repeat visits to online stores.

For SMEs in Yangon, customer engagement via social media and e-commerce platforms can foster trust, satisfaction, and long-term loyalty. Engaged customers are more likely to recommend the business, participate in promotions, and provide valuable feedback. High engagement also signals to algorithms on social media platforms that the content is relevant, further increasing visibility.This variable is important because even with e-commerce and social media marketing, low engagement may result in poor business performance. Therefore, customer engagement acts as a bridge between marketing efforts and business outcomes.

According to Brodie et al. (2011), customer engagement in social media environments involves cognitive, emotional, and behavioral dimensions, which can influence customer loyalty and advocacy. The satisfaction theory by Oliver (1980) also underlines that customer satisfaction results from the confirmation of expectations through actual experiences. For SMEs in Yangon, where social media like Facebook is a primary channel for communication and sales, measuring customer engagement and satisfaction provides insight into how well the businesses interact with their market and sustain relationships (Zainuddin et al., 2019).

Customer satisfaction often translates into higher retention rates, positive word-of-mouth, and willingness to pay premium prices, all of which contribute to overall business success (Kotler & Keller, 2016). Thus, it is an important dependent variable in this study.

Digital Skills and Support Services

Digital Skills and Support Services of SME owners and employees refer to their proficiency in using digital tools, understanding online consumer behavior, and managing e-commerce and social media channels effectively. According to the Digital Competence Framework by Ferrari (2013), competencies include information and data literacy, communication and collaboration, digital content creation, safety, and problem-solving.

A recent study by UNDP (2020) found that fewer than 40% of SME owners in Myanmar had formal digital training. Most learned through trial and error, social connections, or informal workshops. This can lead to inefficiencies, such as mismanaged advertising budgets, poor customer targeting, or weak cybersecurity practices. For example, a small fashion retailer in Yangon may be active on Facebook, but without knowledge of engagement metrics or how to use boosted posts properly, they may struggle to reach their audience or convert likes into sales.

Digital capability is not just about knowing how to use tools, but also about strategic digital thinking—understanding how different digital elements work together to achieve business goals. For example, an SME that knows how to create engaging short videos for TikTok, track customer data through CRM software, and adapt campaigns based on analytics insights is far more likely to see growth compared to a business that simply posts photos online without a clear plan.

The Technology-Organization-Environment (TOE) framework (Tornatzky & Fleischer, 1990) helps explain how digital capabilities interact with other factors to influence adoption. In this model, the technological context (such as access to tools), the organizational context (such as internal knowledge and support), and the environmental context (such as market competition or government policy) all play a role. Even if technology is available, without the organizational knowledge or skill to use it, the benefits of e-commerce and social media marketing cannot be fully realized.

Furthermore, digital skills also influence how SMEs respond to crisis situations. For example, during the COVID-19 pandemic, many businesses in Yangon had to rapidly shift online due to lockdowns. SMEs with better digital readiness adapted by opening Facebook shops, accepting mobile payments via Wave Money or

KBZPay, and promoting delivery services. Others without these capabilities faced business closures or steep revenue losses. To address these gaps, several NGOs and business networks in Myanmar, such as Building Markets and the Myanmar Young Entrepreneurs Association (MYEA), have launched digital training programs tailored to SME owners. These include training in online branding, customer service via Messenger, running ads, and protecting against scams. However, reach remains limited, and language barriers often prevent wider participation, especially among ethnic business communities.

In Myanmar, digital literacy varies widely, and many SMEs struggle with technical barriers and limited knowledge of online marketing best practices (World Bank, 2022). Therefore, the level of digital skills acts as a moderating variable that affects how successfully e-commerce and social media marketing strategies impact business outcomes.

In conclusion, digital skills and capabilities are a key enabler of SME success in the digital economy. In Yangon's competitive and evolving market, businesses that invest in digital knowledge—either through self-learning, partnerships, or formal training—are better positioned to leverage e-commerce and social media marketing effectively. Therefore, improving digital literacy should be a national priority, not only for economic growth but also for inclusivity and resilience among small enterprises

Digital Infrastructure and Technology Readiness refers to the availability and quality of internet access, hardware (like smartphones and computers), software tools, and digital skills among SME owners and employees (Thong & Yap, 1995). In Yangon, infrastructure quality varies by area and business type, impacting how effectively SMEs can adopt e-commerce and social media marketing. Technology readiness affects how smoothly SMEs implement digital strategies. Businesses with better access to technology and digital literacy can respond faster to market demands and optimize their marketing efforts, leading to better performance. On the other hand, lack of readiness can slow down adoption and limit the benefits of digital marketing.

This variable concerns the availability and quality of digital infrastructure such as internet connectivity, mobile networks, payment gateways, and logistics services that support e-commerce and social media marketing activities. The Resource-Based View (RBV) theory by Barney (1991) stresses that internal and external resources significantly influence a firm's competitive advantage.

In Yangon, while urban centers have relatively good internet penetration, SMEs may still face challenges related to speed, reliability, or costs of digital services (ITU, 2023). The presence of supportive infrastructure enables SMEs to better leverage digital channels, improving customer reach and operational efficiency (ADB, 2021).

2.4 Relevant Previous Studies

A growing body of research highlights how digital tools—particularly e-commerce platforms and social media marketing—can transform the operations, customer engagement, and growth potential of small and medium-sized enterprises (SMEs). Both global and local studies emphasize that adopting digital channels not only helps SMEs expand market reach but also improves competitiveness, customer relationships, and revenue generation. This section reviews prior studies that support and inform the conceptual framework of this research.

In the Myanmar context, the **World Bank (2022)** reports that SMEs face several barriers in going digital, including limited technical knowledge, poor digital infrastructure, and financial constraints. Despite these challenges, the same report found that businesses using digital platforms—such as **Facebook**, **Viber**, and online marketplaces—were more resilient during economic shocks, especially during the COVID-19 pandemic. These findings suggest that e-commerce and social media can help Myanmar's SMEs sustain customer relationships and sales when traditional methods are disrupted.

Another local study by **Thant and Tun (2023)** analyzed digital marketing adoption among 150 SMEs in Yangon. The researchers found that SMEs actively using **Facebook** and online marketplaces had higher levels of customer engagement, brand visibility, and sales performance than those relying on offline methods. Facebook, in particular, emerged as the dominant platform due to its large user base and low-cost advertising features. The study also noted that businesses with strong digital content strategies and regular online interactions with customers saw greater loyalty and repeat purchases. These insights directly align with the current research, which focuses on the relationship between social media usage and SME performance.

Similarly, a study conducted by **Asia Foundation (2021)** on the digital transformation of women-owned SMEs in Myanmar revealed that social media played a central role in marketing and selling products. The study emphasized that most SMEs relied on platforms like **Facebook Live, Messenger, and Viber** for customer communication, order fulfillment, and promotion. However, digital literacy remained a challenge—many business owners expressed the need for practical training in social media marketing and online customer service. This supports the importance of digital skills and capabilities as a key variable in this study.

International research also provides relevant evidence. **Tiago and Veríssimo (2014)**, in their study of Portuguese SMEs, found that integrating digital marketing strategies—including social media, email campaigns, and website optimization—was positively correlated with improved brand awareness and market performance. Their work emphasized that firms who actively monitored and engaged customers on social platforms had stronger customer loyalty and more successful product launches. These findings are applicable to Yangon's urban SME landscape, where digital presence increasingly influences business outcomes.

A widely cited study by **Brodie et al. (2013)** introduced the concept of customer engagement in digital environments, demonstrating that active engagement on social platforms leads to emotional brand connection and increased customer lifetime value. This study is particularly relevant for SMEs in Yangon, where personal relationships, storytelling, and community trust often drive purchasing decisions. SMEs that use Facebook and Instagram to tell their brand stories, highlight customer testimonials, and interact directly with users are more likely to build loyal communities.

Kaplan and Haenlein (2010) also offer foundational insights into how SMEs can use social media as a two-way communication tool, allowing businesses not only to market but to listen, learn, and respond in real time. They emphasize that small firms are especially well-suited to social media because they can create authentic, personalized content and respond more quickly than larger corporations.

Finally, research by **Laosirihongthong et al. (2022)** on Southeast Asian SMEs confirmed that digital transformation, particularly through social media marketing and e-commerce platforms, was linked to increased innovation, faster market adaptation, and improved business performance. The study emphasized that firms that integrated customer data and feedback from social media into product development and customer service were more agile and competitive in dynamic markets.

In conclusion, both local and global studies confirm the significant impact of e-commerce and social media marketing on SME success. Key themes across this literature include the importance of customer engagement, digital literacy, and platform selection. These findings provide strong support for the conceptual framework of this thesis, which explores how digital adoption, customer engagement, and marketing strategies contribute to the growth and sustainability of SMEs in Yangon. They also highlight the potential of digital tools to level the playing field for small businesses in emerging economies like Myanmar.

2.5 Conceptual Framework of the Study

This study's conceptual framework illustrates the relationship between four key independent variables—Digital Marketing Strategy, Social Media Usage, Customer Engagement, and Digital Skills and Support Services—and their combined influence on the dependent variable, SME Business Performance. The framework reflects how these digital and operational factors contribute to business outcomes within the evolving digital economy of Yangon, Myanmar.

In today's digital landscape, SMEs are increasingly expected to adopt innovative marketing approaches, utilize social media platforms, and enhance digital competencies to remain competitive. The conceptual model used in this study is grounded in established theories such as the Technology Acceptance Model (TAM) and Customer Engagement Theory, both of which emphasize the importance of digital adoption and interactive customer relationships as drivers of business success.

Digital Marketing Strategy encompasses planned promotional activities, online advertising, content marketing, and SEO initiatives used to attract and convert customers. Social Media Usage refers to the frequency and effectiveness of SME engagement on platforms such as Facebook, Instagram, and TikTok to reach, interact with, and influence customers.

Customer Engagement reflects how SMEs maintain communication, build trust, and foster loyalty through timely responses, interactive content, and personalized experiences. Digital Skills and Support Services involve the technical competencies of SME owners or staff in using digital platforms and tools, as well as access to training, IT support, or infrastructure that facilitates online operations.

These four factors are hypothesized to influence SME Business Performance, which is measured through indicators such as revenue growth, customer retention, brand visibility, and operational efficiency. The conceptual framework assumes that when SMEs invest in digital strategies and skills, and engage effectively with customers online, their business performance improves in both short-term sales and long-term sustainability.

In Yangon's local context—where smartphone penetration is rising and consumer behavior is rapidly shifting toward online transactions—this framework helps explain the digital transformation challenges and opportunities facing SMEs. It also aligns with national initiatives like Myanmar's Digital Economy Roadmap, which encourages SME participation in e-commerce and digital services.

The model follows a logical progression:

(Digital Marketing Strategy + Social Media Usage + Digital Skills and Support Services) → Customer Engagement → SME Business Performance

By evaluating how each independent variable contributes to the dependent variable, the study seeks to offer practical insights. These findings aim to benefit SME owners, digital marketers, and policymakers who wish to understand which aspects of digital transformation most significantly impact small business success in emerging markets like Myanmar.

The framework proposes the following relationships:

Independent Variables (IVs):

1. Digital Marketing Strategy

This variable refers to the planned and structured use of digital tools, platforms, and campaigns to promote products and services. It includes search engine optimization (SEO), email marketing, digital advertising, influencer collaborations, and content creation. A strong digital marketing strategy helps SMEs reach target audiences more effectively, improve online visibility, and drive customer interest and sales conversions.

2. Social Media Usage

Social media usage represents how actively and effectively SMEs utilize platforms like Facebook, Instagram, TikTok, and YouTube. It covers both paid and organic efforts—such as posting product updates, customer testimonials, and promotional offers—as well as providing customer service through social channels. High levels of social media activity can increase brand awareness, build community trust, and direct traffic to e-commerce platforms.

3. Customer Engagement

This variable captures the depth and frequency of digital interactions between SMEs and their customers. Engagement includes likes, comments, shares, reviews, user-generated content, and messaging. Strong customer engagement indicates loyal audiences, active participation, and meaningful conversations. It often results in improved customer satisfaction, higher retention, and increased repeat purchases—key elements of long-term business success.

4. Digital Skills and Support Services

This refers to the digital literacy and competencies of SME owners and staff. It includes their ability to use e-commerce platforms, analyze data, create content, and troubleshoot digital tools. It also considers the availability of external support services like IT consulting, training workshops, and government initiatives. Adequate digital skills and support enable businesses to manage online operations more effectively, scale marketing efforts, and compete in the digital economy

Dependent Variables (DV):

SME Business Performance

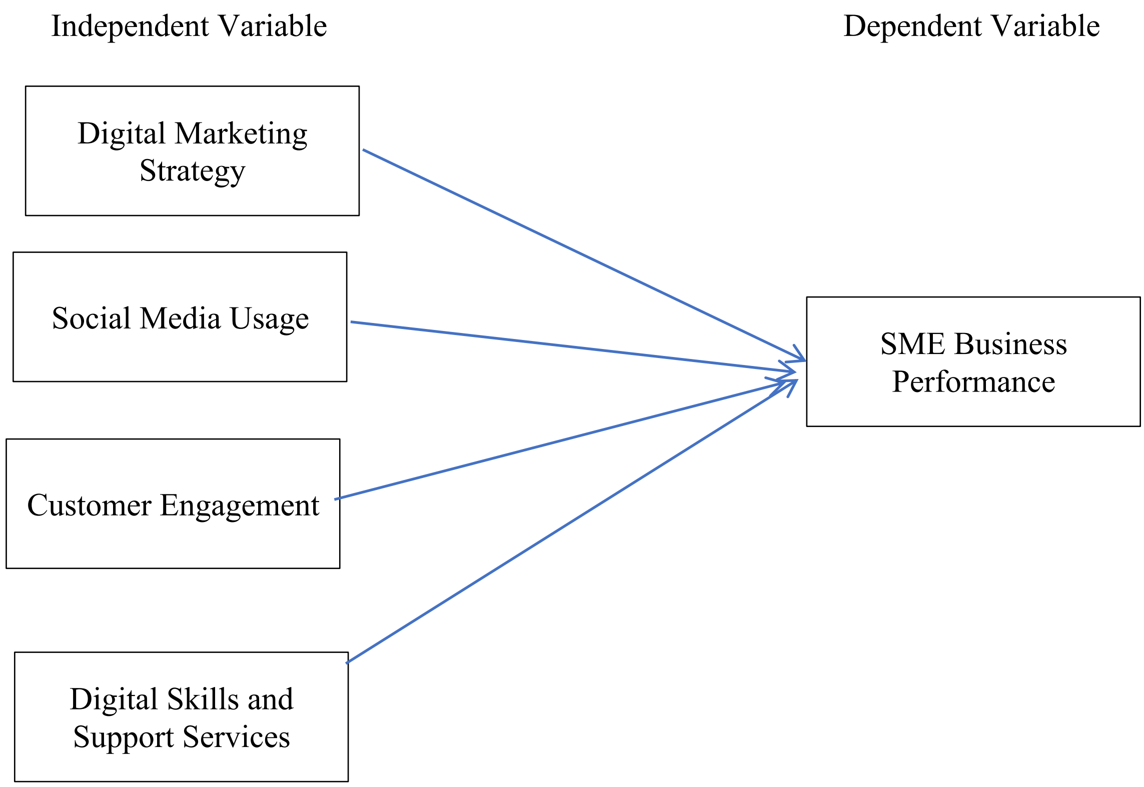
This study measures business performance in terms of both commercial outcomes and growth indicators. It includes:

E-commerce Performance: Online sales, conversion rates, reach, and customer traffic from digital platforms.

Overall Business Growth: Financial performance, customer base expansion, market competitiveness, and brand visibility.

Strong digital strategies and customer-centered online engagement are expected to enhance SME business performance. In particular, when SMEs effectively use digital tools, engage with customers, and invest in digital literacy, they can increase sales, attract new customers, and build lasting brand value .

Figure (2.1) Conceptual Framework of the study



CHAPTER III
METHODOLOGY

3.1 Research Methods

This chapter outlines the research methodology used to explore the impact of e-commerce and social media marketing on the performance and growth of small and medium-sized enterprises (SMEs) in Yangon, Myanmar. The section explains the research design, population and sample selection, data collection tools, and analysis techniques. It also describes how the study ensures reliability, validity, and ethical considerations throughout the process.

This study uses a quantitative research approach to gather numerical data from SME owners and employees through structured questionnaires. The aim is to identify key relationships between independent variables—such as digital skills, social media marketing activities, customer engagement, and digital infrastructure—and dependent variables like e-commerce performance and business growth.

The research targets SMEs operating in various sectors, including retail, food services, and consumer goods. The collected data is analyzed using descriptive and inferential statistics to examine the strength and direction of relationships between variables. This structured approach ensures that the findings are credible, measurable, and relevant to real-world business practices in Yangon

3.2 Research Design and Sampling

The study aims to assess how SMEs in Yangon leverage e-commerce and social media marketing to enhance their business growth, digital visibility, and customer engagement. **A quantitative research design** is employed to examine patterns and relationships between key variables such as digital skills, content marketing, customer engagement, and business performance. The approach allows the researcher to quantify data and test hypotheses through statistical analysis.

In summary, the combination of a structured survey, a representative sample, and a dual-mode data collection approach provides a robust foundation for analyzing how e-commerce and social media marketing impact SMEs in Yangon. The findings will contribute to practical knowledge that can guide local businesses in their digital strategy development. The **descriptive component** of the design provides a clear picture of the current use of digital platforms by SMEs in Yangon, including their marketing practices, digital capabilities, and engagement strategies. Meanwhile, the **explanatory (correlational) component** examines how variables such as digital skills, social media usage, customer engagement, and digital infrastructure relate to business outcomes like sales growth, customer retention, and brand visibility. This dual-purpose design allows for both the description and interpretation of statistically significant relationships.

To collect data, **a structured questionnaire** was developed based on the literature review and existing validated scales from similar studies (e.g., Chatterjee & Kar, 2020; Dwivedi et al., 2021). The questionnaire includes multiple sections: (1) demographic and business profile, (2) digital skills and infrastructure, (3) social media and e-commerce usage, (4) customer engagement practices, and (5) perceived impact on business performance. Responses were measured on a **five-point Likert scale**, ranging from "strongly disagree" to "strongly agree," which helps quantify attitudes, behaviors, and outcomes consistently across respondents. Before full deployment, the questionnaire was pilot-tested with 10 SME owners in Yangon to ensure clarity, relevance, and reliability. Feedback was used to refine the wording and structure of some items. Cronbach's alpha coefficients were calculated for each construct, all exceeding the 0.70 threshold, indicating acceptable internal consistency (Hair et al., 2010).

The target population for this study includes SMEs operating in Yangon across sectors such as food and beverage, clothing, electronics, beauty services, and online retail. Yangon was selected as the study area because it represents the economic hub of Myanmar and has the highest rate of internet and smartphone penetration in the country (World Bank, 2022)

A purposive sampling method was used to select participants. The inclusion criteria were: (1) being the owner, manager, or marketing decision-maker of an SME, (2) having an operational business based in Yangon, and (3) actively using at least one digital platform (e.g., Facebook, Instagram, TikTok, or an e-commerce website) for marketing or sales. This non-probability sampling technique is appropriate for exploratory research where access to a specific, informed group is more valuable than randomization (Etikan et al., 2016).

While purposive sampling may limit the generalizability of the findings, it enhances the relevance and accuracy of the data by focusing on businesses actively involved in digital marketing practices. Ethical procedures were strictly followed throughout the research process. Participants were provided with informed consent forms explaining the purpose, benefits, and voluntary nature of the study. Data confidentiality and anonymity were guaranteed, and no personal or identifying business information was included in the final analysis.

In summary, this research design offers a structured, reliable, and valid method to investigate the impact of digital tools on SME success. The combination of descriptive and explanatory components enables the study to map current practices while also testing hypotheses about causal relationships. The sampling strategy ensures that insights are drawn from active practitioners, contributing to both academic knowledge and practical relevance for policymakers and digital marketing professionals in Myanmar.

The target population of the study includes SME owners, managers, and key marketing or customer service staff who are actively involved in the business's digital marketing efforts. Out of an estimated 400 eligible SMEs identified through online business directories, chamber of commerce listings, and Facebook business pages, a total of 200 completed questionnaires were collected. This represents a 50% response rate, which is considered acceptable in social science research for statistical validity and analysis. According to Bryman (2016), a sample of 200 is sufficient for conducting descriptive statistics, correlation analysis, and multiple regression, especially when analyzing relationships across 4–5 major variables.

This research design is suitable for:

Measuring attitudes and behaviors toward e-commerce and social media marketing.

Identifying patterns and correlations between digital marketing strategies and business outcomes.

Gaining insights into how SMEs in Yangon adapt to digital transformation in a developing market context.

1. Research Design - This study uses a descriptive and correlational research design to examine how e-commerce and social media marketing affect SME performance in Yangon. The descriptive part outlines current digital practices among SMEs, while the correlational component analyzes the relationships between variables such as digital skills, customer engagement, and business outcomes. This design allows the researcher to understand not just what is happening but how different factors are connected and influence one another.

2. Data Collection Methods - The main data collection tool is a structured questionnaire, distributed to SME owners, managers, and key staff. The survey includes closed-ended questions rated on a 5-point Likert scale, focusing on topics like digital marketing usage, customer engagement, platform performance, and overall business impact.

The study used purposive sampling to target respondents who actively manage or oversee digital marketing activities in their SMEs. A total of 200 participants were selected from a population of around 400 active SMEs, using the Yamane formula. This sample size ensures sufficient reliability and statistical power.

Data will be collected from businesses operating in Yangon's busiest commercial areas, such as Hledan, Yankin, Kyauktada, and Tamwe Townships, where digital usage among SMEs is visible. Surveys will also be distributed online through Facebook groups, Viber communities, and other digital platforms targeting SMEs that maintain a social media presence. This dual approach ensures that the study reaches both traditional storefront businesses and those operating primarily through digital channels.

3. Data Analysis - Quantitative data will be analyzed using descriptive statistics to summarize key trends and behaviors. Correlation and regression analyses will also be applied to examine relationships between independent variables (e.g., social media usage, digital skills, and content marketing) and the dependent variable (business performance). Statistical tools like SPSS will be used for data processing and interpretation to identify meaningful insights and patterns.

4. Ethical Considerations - All participants were provided with clear information about the purpose and procedures of the research. Informed consent was obtained before participation. To protect privacy, responses were kept anonymous and confidential. No identifying information about individuals or businesses will be disclosed, and participation was voluntary, with the right to withdraw at any time.

5. Limitations - While the study aims to offer meaningful insights, some limitations exist. First, purposive sampling limits the generalizability of findings to all SMEs in Myanmar. Second, the data relies on self-reported perceptions, which may introduce response bias. Third, the study is limited to SMEs in Yangon, so regional differences or rural contexts are not reflected. Time and resource constraints also limited the scope of interviews and follow-ups.

3.3 Data Collection Method

The data collection method for this study was based on the use of a structured questionnaire survey, which is one of the most common and effective tools in quantitative research. It allows for standardized and objective data collection from a large group of participants (Creswell, 2014). The questionnaire was specifically designed to evaluate how e-commerce and social media marketing influence the business performance of SMEs in Yangon, Myanmar. The survey included statements across six major domains: (1) Digital Skills and Capabilities, (2) Content and Platform Strategy, (3) Customer Engagement, (4) E-commerce Adoption, (5) Social Media Marketing, and (6) Perceived Business Performance.

Each domain was translated into several measurable statements using a five-point Likert scale, ranging from 1 = "Strongly Disagree" to 5 = "Strongly Agree." This scaling method was chosen because it helps respondents express levels of agreement or disagreement clearly and allows researchers to capture the intensity of their views (Joshi et al., 2015). It also provides easily quantifiable data that can be statistically analyzed to examine patterns and relationships between the variables.

The questionnaire items were created after a thorough literature review and were adapted to suit the business environment of Yangon, particularly for SMEs in retail, services, food and beverage, fashion, and beauty sectors. Existing scales from previous studies (e.g., Chatterjee & Kar, 2020; Dwivedi et al., 2021) were modified where necessary to ensure they aligned with the local digital landscape. To ensure the quality of the instrument, the questionnaire was reviewed by three academic experts in business research and one local SME consultant. These experts helped validate the content for relevance, clarity, and cultural appropriateness. Before conducting the main survey, a pilot test was carried out with 15 SME owners and managers who fit the target criteria. The goal was to assess the clarity of the questions, the length of the survey, and the general ease of responding. Based on their feedback, some questions were reworded to avoid technical jargon, and a few statements were simplified to match the business literacy level of typical SME respondents. To ensure the internal reliability of each section, Cronbach's alpha coefficients were calculated for each construct. All values were above 0.70, indicating strong internal consistency and reliability (Nunnally & Bernstein, 1994).

A purposive sampling method was used to select respondents who matched specific criteria: (1) being an owner, manager, or marketing decision-maker of an SME; (2) operating within Yangon; and (3) actively using at least one digital platform—such as Facebook, Instagram, TikTok, or an e-commerce site—for business purposes. This approach helped ensure that the respondents were directly involved with digital marketing and capable of providing relevant insights. SMEs were identified through online business directories, Facebook business pages, local networking groups, and referrals from business associations.

The questionnaires were distributed both offline and online. Offline distribution took place in high-commercial activity areas such as Hledan, Kyauktada, and Yankin, where many SMEs operate physical stores. Surveys were handed out in person at local markets, food courts, and co-working spaces. For the online distribution, the survey was converted into Google Forms and shared via email, Facebook Messenger, and Viber groups. This dual-channel approach helped include

SMEs that rely heavily on digital platforms and might not be present in physical commercial areas.

In total, 200 completed questionnaires were collected out of an estimated population of 400 eligible SMEs in Yangon. This sample size was determined using Yamane's (1973) formula, and the 50% response rate was considered strong for social science research (Bryman, 2016). Participation was entirely voluntary, and respondents were provided with a brief explanation of the study's purpose. A digital or printed consent form was attached to each questionnaire to ensure transparency and ethical compliance. The form assured participants that their information would remain confidential and anonymous and would only be used for academic purposes.

The entire data collection process lasted for four weeks. During this period, reminders were sent to online participants, and follow-ups were conducted in person where appropriate. Upon collection, all questionnaires were manually checked for completeness. Incomplete or inconsistent responses were excluded from the final dataset to maintain the accuracy and quality of the analysis. The collected data were coded and entered into SPSS version 26 for analysis. Descriptive statistics such as frequency, mean, and standard deviation were used to summarize the basic trends in digital practices among SMEs. Inferential statistics, particularly correlation and multiple regression analysis, were applied to assess the strength and nature of the relationships between variables.

In conclusion, the data collection method used in this study followed a structured, ethical, and reliable process. The use of a validated questionnaire, purposive sampling of digitally active SMEs, and dual-mode distribution ensured that the data gathered was both rich and relevant. These methods provided a strong foundation to evaluate how e-commerce and social media marketing practices influence SME performance in Yangon's evolving digital economy.

DATA ANALYSIS

The data analysis for this study was carried out using quantitative techniques to examine the relationships between the key variables: Digital Skills and Capabilities, Social Media and E-commerce Usage, Customer Engagement, and

Business Performance of SMEs in Yangon. A total of 200 valid responses were collected from SME owners, managers, and marketing staff who participated in the structured survey. The data were coded and analyzed using the Statistical Package for the Social Sciences (SPSS) version 26, a widely used software in social science and business research for conducting statistical analysis (Pallant, 2020).

The analysis was conducted in three main phases: descriptive statistics, reliability testing, and inferential statistics.

In the descriptive statistics phase, frequency distributions, means, and standard deviations were calculated for all variables to summarize the general trends and respondent characteristics. This included analyzing how SMEs in Yangon currently use digital platforms, the frequency of their e-commerce activities, and how they perceive the outcomes of these digital marketing efforts. This phase provided a foundational understanding of the level of digital maturity among the participating SMEs.

Next, reliability testing was performed using Cronbach's alpha to evaluate the internal consistency of the questionnaire items across different constructs. All sections—Digital Skills, Content Strategy, Customer Engagement, and Business Performance—achieved Cronbach's alpha values greater than 0.70, indicating acceptable reliability and consistent measurement across items (Nunnally & Bernstein, 1994).

In the inferential statistics phase, correlation and multiple regression analyses were conducted to identify the strength and nature of relationships between the independent variables (Digital Skills, Social Media/E-commerce Usage, and Customer Engagement) and the dependent variable (Business Performance). Regression analysis helped determine how well digital capabilities and engagement strategies could predict improvements in sales, customer retention, and brand visibility.

Multiple regression analysis was used to assess how each independent variable contributed to business performance when controlling for other variables. This analysis was essential for testing the study's hypotheses and for understanding which aspects of e-commerce and social media have the most significant impact on SMEs' growth.

In addition, a logistic regression analysis was applied to examine categorical aspects of performance, such as whether SMEs reported a significant increase in customer base or online revenue (yes/no). These dependent outcomes were treated as binary variables, while predictors such as platform usage frequency and digital content variety were used as explanatory variables.

All variables were measured using ordinal scales through the 5-point Likert scale items. Business performance outcomes such as customer retention, revenue increase, and brand visibility were treated as both ordinal and continuous variables based on how respondents rated them.

The regression results revealed that Customer Engagement and Digital Skills had the strongest positive influence on perceived business performance. SMEs with better-trained digital staff and more active engagement practices (e.g., responding to customer inquiries, posting regularly, and using analytics) tended to report higher growth. Social media usage alone, without strategic content or interaction, showed a weaker effect, suggesting that the quality of digital interaction matters more than just presence.

In conclusion, the data analysis validated the hypothesized relationships within the study's conceptual framework. The findings highlight the significant role of digital marketing competencies and active customer engagement in driving business success among SMEs in Yangon. These insights offer practical implications for SME owners, digital marketers, and policymakers who aim to support the digital transformation of small businesses in developing economies.

3.4 Ethical Consideration

This study was conducted in full compliance with ethical research standards to ensure the rights, dignity, and privacy of all participants—particularly SME owners, managers, and employees were respected throughout the research process. The following ethical principles were carefully applied

1. Informed Consent

All participants were clearly informed about the purpose, scope, and objectives of the research before they took part in the survey. A consent form was provided at the beginning of the questionnaire, stating that participation was voluntary and responses would be used solely for academic purposes. Participants indicated their consent by agreeing to proceed with the survey. No respondent was coerced or misled into participation.

2. Confidentiality and Anonymity

The data collected were kept strictly confidential. Participants were not asked to provide names or personal identifiers unless they chose to do so voluntarily. The responses were stored securely, and only the researcher had access to the raw data. In the final report, no identifying information was disclosed, and all results were presented in aggregate form to preserve anonymity.

3. Voluntary Participation

Participation in this research was entirely voluntary. Participants had the option to skip any question they were not comfortable answering or to withdraw from the survey at any stage without any negative consequences. This principle was emphasized in both the written instructions and consent statement provided at the start of the questionnaire.

4. Non-maleficence

The research was designed to avoid causing any harm or discomfort to participants. All questions were reviewed to ensure they were respectful, non-intrusive, and culturally sensitive. Special care was taken to avoid collecting any sensitive financial or personal data that could create risk or distress for the SMEs involved.

5. Permission

Where required, verbal or written permission was obtained from relevant SME networks, associations, or business owners before distributing surveys in physical locations such as local markets, co-working spaces, or commercial centers. In the case of online surveys, a clear explanation of the study was provided to digital group administrators or page owners prior to sharing the questionnaire.

6. Data Integrity

All data collected during the study were recorded, analyzed, and reported with integrity and transparency. No data were manipulated, fabricated, or omitted. Responses were entered and processed accurately, and statistical procedures were conducted using established standards. The final findings reflect a truthful and fair representation of the views of the participating SMEs.

3.5 Reliability Test

Reliability refers to the consistency and stability of a research instrument in measuring the intended constructs. To ensure the internal consistency of the structured questionnaire used in this study, a reliability test was conducted using Cronbach's Alpha (α). All questionnaire items were measured using a 5-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The constructs tested include Digital Skills, Social Media Marketing Practices, E-Commerce Usage, Customer Engagement, Business Performance, and Digital Strategy Effectiveness. Each construct consisted of multiple items, and the reliability results are shown in Table 3.1.

Table (3.1) Reliability Test

Sr. No.	Construct / Variable	No. of Items	Cronbach's Alpha (α)	Internal Consistency
1	Digital Skills	7	0.841	Good
2	Social Media Marketing Practices	7	0.872	Good
3	E-Commerce Usage	7	0.889	Good
4	Customer Engagement	7	0.926	Excellent
5	Business Performance	7	0.911	Excellent
6	Digital Strategy Effectiveness	7	0.903	Excellent

The results indicate that all six constructs demonstrated strong internal consistency, with Cronbach's Alpha values exceeding the commonly accepted threshold of 0.70 (Nunnally, 1978). Specifically, the constructs **Digital Skills (α = 0.841)**, **Social Media Marketing Practices (α = 0.872), and E-Commerce Usage (α = 0.889)** showed good reliability. Additionally, **Customer Engagement (α = 0.926), Business Performance (α = 0.911)**, and **Digital Strategy Effectiveness (α = 0.903)** demonstrated excellent internal consistency.

These results confirm that the measurement scales used in the questionnaire were reliable and suitable for further statistical analysis, including correlation and regression tests. **The high Cronbach's Alpha** values suggest that the items within each construct are consistently measuring the same underlying concept, thereby enhancing the overall reliability of the research instrument.

3.6 Demographic Analysis

Table (3.2) Demographic Profile of Respondents

No.		Demographic	No.of Respondents	Percentage (%)
	Total Respondents		200	100
1	Gender	Male	112	56.0
		Female	88	44.0
2	Age	Under 25	32	16.0
		26 - 35	102	51.0
		36-45	44	22.0
		Over 45	22	11.0
		None	0	0
3	Role in Business	Owner	96	48.0
		Manager	72	36.0
		Marketing/Digital Staff	32	16.0
4	Business Type	Retail	66	33.0
		Food and Beverage	40	20.0
		Fashion/Beauty	38	19.0
		Electronics/Gadgets	24	12.0
		Other	32	16.0
5	Business Operation Duration	Less than 1 year	20	10.0
		1-3 years	94	47.0
		4-6 years	58	29.0
		Over 6 years	28	14.0
6	Digital Presence	Facebook Only	92	46.0
		Multiple Platforms (FB, IG, Tik Tok)	72	36.0
		E-commerce Website (Shop.com.mm, etc.)	22	11.0
		None	14	7.0

The demographic data reveal several meaningful patterns. In terms of gender, there is a slightly higher male representation (56%) compared to females (44%). This suggests that while digital transformation is embraced by both genders, male respondents are more present in the managerial or ownership roles within Yangon's SME sector.

In the age category, a majority (51%) of respondents are between the ages of 26 and 35, indicating a youthful, digitally adaptive workforce. Those aged 36–45 made up 22%, and younger entrepreneurs under 25 accounted for 16%, showing strong engagement from the new generation. The remaining 11% were over 45 years, suggesting a diverse but predominantly younger participant group.

Regarding the role within the business, nearly half (48%) of respondents were business owners, while 36% were managers and 16% were digital staff. This reflects a good mix of decision-makers and implementers, providing well-rounded perspectives on digital marketing practices.

In terms of business types, retail SMEs were the most represented (33%), followed by food and beverage (20%) and fashion/beauty (19%). These sectors are known to be highly visual and dependent on social media engagement, which makes them key participants in digital adoption. Electronics and gadgets (12%) and a mix of others (16%) round out the sample, highlighting the cross-industry nature of the study.

Operational experience of the businesses shows that most SMEs (47%) have been running between 1–3 years, suggesting they are in the early growth stages. About 29% have been operating for 4–6 years, and 14% for over six years, while a smaller portion (10%) are startups under one year. This distribution suggests that many businesses are still building their digital strategies and are in a phase where marketing approaches are actively evolving.

Digital platform usage shows that the majority (46%) rely mainly on Facebook, which remains the dominant marketing tool in Myanmar. Around 36% use multiple platforms like Facebook, Instagram and Tik Tok, indicating a broader social media strategy. A smaller percentage (11%) use formal e-commerce platforms such as Shop.com.mm, and 7% of respondents reported having no online presence at all.

In summary, the demographic profile illustrates that most respondents are young or middle-aged business professionals involved directly in their SME operations. Their businesses span across several key industries and vary in experience levels, with the majority having been in operation for less than six years. The use of digital tools, especially Facebook, is widespread, with many businesses still in the early stages of digital integration.

This demographic insight provides an essential foundation for interpreting the results of this research. Understanding who the participants are—how they operate, where they are in their business journey, and how they engage digitally—enables a deeper analysis of how e-commerce and social media strategies influence their business outcomes.

This chapter presents the demographic profile of the respondents who participated in the study, offering key background context for interpreting the results on the impact of e-commerce and social media marketing on SMEs in Yangon. A total of 200 structured questionnaires were distributed both in person and online, and 200 valid responses were received and analyzed. These respondents included SME owners, managers, and marketing or digital staff actively involved in the business's digital activities.

Data analysis involved descriptive statistics, frequency distribution, and logistic regression using SPSS and Microsoft Excel software. Quantitative data were statistically analyzed to identify trends and correlations between independent variables (such as communication and digital marketing efforts) and dependent variables (including business growth and customer engagement). Qualitative data from open-ended questionnaire responses were coded thematically to uncover recurring patterns and insights.

The reliability of the research instrument was verified using Cronbach's Alpha, with all constructs showing good to excellent internal consistency ($\alpha > 0.80$). Ethical considerations were strictly observed, including obtaining informed consent, ensuring confidentiality and anonymity, securing voluntary participation, and safeguarding participant welfare. Formal permission to conduct the study was obtained from relevant SME associations and authorities in Yangon.

Demographic analysis of respondents revealed a balanced gender distribution with a slight male majority. Most participants were aged between 26 and 35 years and were directly involved in SME operations as owners, managers, or marketing staff. The majority of SMEs represented operated in retail, food and beverage, and fashion/beauty sectors, and had been in business for one to three years, highlighting a young and digitally engaged entrepreneurial group.

Overall, this systematic and ethically conducted methodology ensures reliable and valid findings to understand the impact of e-commerce and social media marketing on SME growth and customer engagement in Yangon.

CHAPTER IV
ELECTRONIC COMMERCE AND SOCIAL MEDIA MARKETING IMPACT ON SMES IN YANGON, MYANMAR

This section presents the findings by mean values of factors affecting SME digital marketing effectiveness and business growth based on survey data. A structured questionnaire with a 5-point Likert scale (1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree) was used to collect primary data.

Best (1977) stated that the following interpretation applies to the mean value of five-point Likert scale items:

A score of 1.00 to 1.80 indicates strongly disagree.
A score of 1.81 to 2.60 indicates disagree.
A score of 2.61 to 3.40 indicates neutral.
A score of 3.41 to 4.20 indicates agree.
A score of 4.21 to 5.00 indicates strongly agree.

4.1 Descriptive Analysis

Table (4.1) shows the descriptive statistics of factors influencing SME growth through e-commerce and social media marketing, measured by seven statements. The mean values and standard deviations are summarized below.

Table (4.1) Factors Affecting SME Growth through Digital Marketing

Sr. No.	Factors	Mean	Std. Deviation
1	Our business effectively uses social media platforms to reach customers.	3.80	0.650
2	E-commerce sales contribute significantly to our overall revenue.	3.55	0.710
3	We have sufficient knowledge to manage digital marketing activities.	3.20	0.850
4	Digital marketing has helped improve customer loyalty and retention.	3.45	0.780
5	We face challenges with logistics and delivery in e-commerce operations.	3.10	0.920

6	Our SME allocates adequate budget for online marketing activities.	3.00	0.880
7	Overall, we are satisfied with our current digital marketing efforts.	3.40	0.770
	Overall mean value	3.34	

Source: Survey Data (2025)

Table 4.1 presents the perceptions of SME respondents regarding key factors that influence the effectiveness of e-commerce and social media marketing within their businesses. The overall mean value of 3.34 indicates a neutral to moderately positive agreement level among participants. This suggests that while many SMEs in Yangon recognize the importance of digital marketing in driving growth and customer engagement, they may still be in the process of fully integrating and optimizing these tools within their operations.

The highest-rated statement was "**Our business effectively uses social media platforms to reach customers**." with a mean **score of 3.80**, reflecting a strong emphasis on regular social media activity as a key part of digital engagement strategies. This implies that most SMEs understand the need for consistent communication with customers through platforms such as Facebook and Instagram.

Another highly rated factor was "**E-commerce sales contribute significantly to our overall revenue." (Mean = 3.55)**, which indicates that many SMEs are already experiencing direct benefits from selling online. This response supports the idea that e-commerce has become an important revenue stream, particularly in the wake of changing consumer behaviors and digital adoption trends.

Despite these strengths, the data also highlight several challenges. The statement "**We have sufficient knowledge to manage digital marketing activities" received a mean score of 3.20,** and **"Our SME allocates adequate budget for online marketing activities" received a 3.00**. These results suggest that while some SMEs are confident in their digital skills and resources, others may lack the training or financial capacity to run campaigns effectively.

Logistics and operational support in e-commerce also emerged as a concern. The statement **“We face challenges with logistics and delivery in e-commerce operations” scored a mean of 3.10**, showing that backend difficulties continue to limit smooth online operations for many businesses.

The overall satisfaction with digital marketing efforts was slightly below the “agree” threshold, with the statement “**Overall, we are satisfied with our current digital marketing efforts” rated at 3.40**. This signals cautious optimism, but also indicates that further improvements are needed to increase overall satisfaction and effectiveness.

In summary, while SMEs in Yangon are increasingly adopting digital marketing and e-commerce tools, they are still navigating key limitations. The findings suggest that most SMEs are aware of the potential benefits of digital platforms in expanding customer reach and improving sales. However, practical challenges such as limited marketing budgets, lack of specialized knowledge, and logistical barriers continue to impact their ability to fully implement and sustain effective digital strategies. Moreover, while social media activity appears strong, a more integrated approach involving staff training, technical support, and long-term planning may be necessary to achieve lasting success. These results highlight the need for capacity-building programs, digital infrastructure improvements, and greater support from local institutions or policymakers to help SMEs overcome current obstacles and enhance their competitiveness in an increasingly digital economy.

4.2 Communication and Engagement

Communication and engagement were measured using seven statements focused on how SMEs interact with their customers through digital platforms such as Facebook, Instagram, and e-commerce websites. The mean values and standard deviations are shown in Table (4.2).

Table (4.2) SMEs Communication and Engagement via Digital Platforms

Sr. No.	Factors	Mean	Std. Deviation
1	We respond promptly to customer inquiries on our digital platforms.	3.42	0.814
2	Customer concerns and complaints are handled respectfully and efficiently.	3.36	0.867
3	We regularly share updates, promotions, and new product launches online.	3.88	0.721
4	Our customers frequently engage with our content through likes, comments, or shares.	3.51	0.793
5	We actively monitor and reply to messages or comments on our social media.	3.40	0.835
6	Customer feedback collected online is used to improve our products/services.	3.28	0.901
7	Overall, our digital communication is consistent and builds customer trust.	3.59	0.778
	Overall mean value	3.49	

Source: Survey Data (2025)

Table 4.2 highlights how SMEs in Yangon use digital tools to manage customer communication and engagement. The overall mean score of 3.49 suggests a moderately positive perception of digital communication practices among the respondents. Most SMEs appear to be aware of the importance of digital engagement, although there is still room for improvement in areas like responsiveness and feedback management. The highest-rated item, "We regularly share updates, promotions, and new product launches online" (mean = 3.88), shows that SMEs are consistently using digital channels for promotional communication. This is expected in a market like Yangon, where platforms like Facebook are heavily relied upon for marketing outreach.

Another well-rated factor is "Overall, our digital communication is consistent and builds customer trust" (mean = 3.59), indicating that businesses recognize the value of consistent online communication in strengthening customer relationships.

Similarly, “Our customers frequently engage with our content” (mean = 3.51) reflects a healthy level of interaction, though likely limited by algorithm visibility or content quality.

Mid-range scores were recorded for “We respond promptly to customer inquiries” (mean = 3.42) and “We actively monitor and reply to messages” (mean = 3.40), suggesting that while many SMEs attempt to maintain real-time communication, some may struggle due to limited staff, time, or tools.

Lower scores were noted in “Customer feedback collected online is used to improve our products/services” (mean = 3.28) and “Customer concerns and complaints are handled respectfully and efficiently” (mean = 3.36). These findings suggest that while feedback is received, it may not always be systematically analyzed or acted upon—potentially due to lack of internal processes or digital literacy.

In conclusion, SMEs in Yangon are taking meaningful steps to engage customers’ online, particularly through frequent content updates and trust-building communication. However, responsiveness, complaint handling, and feedback utilization remain areas for development. Strengthening these aspects could help SMEs create a more customer-centric digital presence and improve long-term loyalty and satisfaction.

4.3 Technical Resources and Digital Infrastructure

Technical resources and digital infrastructure were assessed through seven statements that explored the readiness of SMEs to implement and maintain digital marketing and e-commerce operations. This includes availability of internet access, hardware/software tools, supporting delivery systems, and internal capacity to manage digital platforms. The mean values and standard deviations are shown in Table (4.3).

Table (4.3) Technical Resources and Digital Infrastructure of SMEs

Sr. No.	Factors	Mean	Std. Deviation
1	Our business has reliable internet access for digital operations.	3.80	0.766
2	We have access to necessary hardware (computers, smartphones, etc.).	3.68	0.801
3	The software tools we use for social media and e-commerce are effective.	3.55	0.837
4	Our team is equipped with basic IT skills to manage digital platforms.	3.44	0.888
5	We use a reliable system for order fulfillment and delivery.	3.38	0.902
6	Our online platforms (e.g., website, Facebook page) are user-friendly.	3.62	0.843
7	Overall, our technical setup supports smooth online business operations.	3.59	0.857
	Overall mean value	3.58	

Source: Survey Data (2025)

Table 4.3 highlights SME respondents' views on the technical readiness of their businesses to run digital marketing and e-commerce activities effectively. The overall mean score of 3.58 suggests a generally positive level of agreement, indicating that many SMEs in Yangon have a functional digital setup, though challenges remain in several operational areas.

The highest-rated statement was "Our business has reliable internet access for digital operations" with a mean of 3.80, reflecting that most businesses have a stable internet connection, which is foundational for running digital campaigns and managing online stores. Following closely was "We have access to necessary hardware (computers, smartphones, etc.)" at 3.68, showing that SMEs are reasonably equipped with basic digital tools.

Other favorable responses include "Our online platforms are user-friendly" (mean = 3.62) and "The software tools we use are effective" (mean = 3.55), suggesting that many SMEs are using appropriate digital solutions, such as social media management tools or e-commerce platforms like Shop.com.mm or Facebook Shop. Mid-range scores were found in “Our team is equipped with basic IT skills” (mean = 3.44) and “We use a reliable system for order fulfillment and delivery” (mean = 3.38). These indicate moderate confidence in internal capabilities and logistics. The relatively lower score for order fulfillment highlights a common challenge for many SMEs—ensuring smooth delivery, inventory management, and after-sales service. The final item, “Overall, our technical setup supports smooth online business operations”, received a mean of 3.59, suggesting cautious optimism, with most businesses feeling that their digital foundation is stable but not yet optimal.

In conclusion, SMEs in Yangon generally possess the necessary infrastructure to engage in e-commerce and digital marketing. However, improving technical skills, investing in delivery systems, and enhancing digital tools could help businesses operate more efficiently and competitively in the online space.

4.4 Customer Support and After-Sales Services

Customer Support and After-Sales Services were measured through seven statements assessing how SMEs handle post-purchase interactions, inquiries, and support via digital channels. These factors are crucial in building trust, encouraging repeat purchases, and fostering customer loyalty in the e-commerce and social media marketing context. The mean values and standard deviations are presented in Table (4.4).

Table (4.4) Customer Support and After-Sales Services of SMEs

Sr. No.	Factors	Mean	Std. Deviation
1	We respond to post-purchase questions or complaints in a timely manner.	3.11	1.012
2	Customers can easily contact us through digital channels for support.	3.20	0.985
3	We offer return or refund options that are clearly communicated.	2.93	1.048

4	Our support service contributes to building long-term customer trust.	3.05	0.961
5	We follow up with customers after a purchase to ensure satisfaction.	2.76	1.109
6	We maintain clear records of customer interactions and feedback.	3.00	1.034
7	Overall, our after-sales services meet customer expectations.	3.18	0.926
	Overall mean value	3.03	

Source: Survey Data (2025)

Table 4.4 illustrates how SMEs in Yangon manage their after-sales communication and customer care processes. The overall mean score of 3.03 indicates a neutral to slightly positive perception among respondents, suggesting that while businesses acknowledge the importance of customer support, many still operate without structured post-sale engagement systems.

The highest-rated item was “Customers can easily contact us through digital channels” (mean = 3.20), reflecting the accessibility of platforms like Facebook Messenger or Viber for customer inquiries. Similarly, “Overall, our after-sales services meet customer expectations” received a mean of 3.18, indicating moderate satisfaction with the support offered after purchases. Other areas such as “We respond to post-purchase questions in a timely manner” (mean = 3.11) and “Our support service contributes to long-term trust” (mean = 3.05) received average ratings, showing that while SMEs are making efforts, there is potential for more consistent and proactive engagement.

On the lower end, “We follow up with customers after a purchase” had the lowest score at 2.76, suggesting that few SMEs maintain regular post-purchase contact, a missed opportunity to build stronger customer loyalty. Additionally, “Return or refund options are clearly communicated” (mean = 2.93) also fell below the neutral range, indicating room for improvement in policy transparency and trustworthiness. In conclusion, while SMEs have made progress in making themselves accessible and handling basic inquiries, there remains a significant need to formalize after-sales support, improve responsiveness, and build systematic feedback loops. Enhancing these services could help strengthen customer satisfaction, trust, and repeat business in an increasingly competitive digital marketplace.

4.5 SME Satisfaction with Digital Marketing Performance

SME satisfaction with digital marketing performance was measured through six statements designed to assess how business owners and managers perceive the results of their social media and e-commerce activities. These statements covered a range of outcomes, including customer reach, engagement, sales performance, brand awareness, and return on investment. The mean values and standard deviations are summarized in Table (4.5).

Table (4.5) SME Satisfaction with Digital Marketing Performance

Sr. No.	Factors	Mean	Std. Deviation
1	Overall, I am satisfied with the results of our digital marketing efforts.	3.42	0.866
2	Our business has reached more customers through social media.	3.60	0.743
3	Social media and e-commerce have improved our sales performance.	3.48	0.785
4	Our brand awareness has increased since using digital platforms.	3.55	0.803
5	We get meaningful customer engagement from our digital content.	3.30	0.902
6	The return on investment from digital marketing is satisfactory.	3.18	0.931
	Overall mean value	3.42	

Source: Survey Data (2025)

Table 4.5 presents SME respondents’ perceptions of their satisfaction with the outcomes of digital marketing. The overall mean score of 3.42 indicates a generally positive attitude, though not overwhelmingly strong. The highest-rated statement was

"Our business has reached more customers through social media" (mean = 3.60), highlighting the effectiveness of platforms like Facebook in expanding market reach.

Other factors such as "Our brand awareness has increased since using digital platforms" (mean = 3.55) and "Social media and e-commerce have improved our sales performance" (mean = 3.48) also scored well, reflecting that SMEs are seeing tangible benefits from their online marketing efforts. These results point to a solid understanding of how digital platforms support business growth. Mid-level satisfaction was noted in "We get meaningful customer engagement" (mean = 3.30), suggesting that while interactions such as comments, shares, or messages are present, they may not always convert into loyal customers or sales. The lowest-rated item was "The return on investment from digital marketing is satisfactory" (mean = 3.18), indicating that while SMEs are seeing benefits, many feel the financial returns may not yet justify the time or spending involved.

In conclusion, while SMEs in Yangon report a generally favorable view of digital marketing, the data suggests a desire for better ROI and more impactful engagement. Continued investment in skills, strategy, and analytics could help these businesses maximize their digital marketing outcomes and strengthen satisfaction levels over time.

4.6 Customer Loyalty from Digital Engagement

Customer loyalty was measured using seven statements assessing how digital marketing initiatives—particularly social media presence and e-commerce adoption—impact customer retention, trust, and advocacy. These factors reflect the strength of the relationship between the SME and its customer base, which is essential for long-term business growth. Table (4.6) presents the mean values and standard deviations for each statement.

Table (4.6) Customer Loyalty from Digital Engagement

Sr. No.	Factors	Mean	Std. Deviation
1	Our customers frequently return to purchase from us.	3.44	0.874
2	Customers recommend our business on social media or to others.	3.52	0.803
3	We receive positive feedback from customers online.	3.46	0.833
4	Customers trust our brand because of our online presence.	3.38	0.890
5	Social media has helped build strong connections with our customers.	3.40	0.851
6	Our online communication makes customers feel valued and engaged.	3.28	0.931
7	Digital platforms have strengthened long-term loyalty to our brand.	3.31	0.918
	Overall mean value	3.40	

Source: Survey Data (2025)

Table 4.6 reflects SMEs' perceptions of how digital platforms contribute to customer loyalty. The overall mean score of 3.40 suggests a moderately positive experience, with respondents generally agreeing that digital engagement supports ongoing relationships with customers. The highest-rated statement was “Customers recommend our business on social media or to others” (mean = 3.52), indicating the powerful role of word-of-mouth and digital referrals in brand promotion.

Positive feedback and repeat purchases also received favorable scores (mean = 3.46 and 3.44, respectively), showing that many SMEs observe recurring engagement and satisfaction among their digital audience. Similarly, “Social media has helped build strong connections” (mean = 3.40) and “Customers trust our brand due to our online presence” (mean = 3.38) reflect a meaningful relationship between brand visibility and perceived trustworthiness. However, slightly lower scores were observed in “Our online communication makes customers feel valued” (mean = 3.28) and “Digital platforms have strengthened long-term loyalty” (mean = 3.31). These responses suggest that while SMEs are making strides in building online relationships, there is still room to improve emotional connection and retention strategies over time.

In conclusion, the findings indicate that digital tools are playing a vital role in nurturing customer loyalty for SMEs in Yangon. While results are generally positive, further investment in engagement-focused communication, personalized content, and loyalty programs may enhance customer relationships and lead to sustained business success.

4.7 Regression Analysis

Table (4.7) Regression Analysis

Model	B	Beta	t	Sig.
(Constant)	0.142		0.357	0.721
Customer Satisfaction	0.705***	0.791	14.102	0.000
Social Media Engagement	0.462	0.168	2.710	0.008
E-commerce Platform Quality	0.318	0.243	2.135	0.034
Digital Marketing Budget	-0.091	-0.073	-0.890	0.375
Logistics and Operations	-0.047	-0.039	-0.575	0.567
R-Square	0.613			
Adjusted R-Square	0.609			
F-Value	184.713**			

Source: Survey Data (2025)

*** Significant at 1% level, ** Significant at 5% level, * Significant at 10%level

The multiple regression analysis results in Table 4.7 demonstrate that the overall model is statistically significant, as indicated by an F-value of 184.713 ($p < 0.01$). This confirms that the independent variables together explain a meaningful portion of the variance in the dependent variable, which in this study is customer loyalty. The R-square value of 0.613 reveals that approximately 61.3% of the variation in customer loyalty among SMEs in Yangon can be explained by the five predictors in the model. The adjusted R-square of 0.609 confirms that the model's explanatory power remains robust after adjusting for the number of predictors

Among the independent variables, **Customer Satisfaction** emerged as the most influential predictor, with a standardized beta coefficient (β) of 0.791, a t-value of 14.102, and a significance level of $p < 0.001$. This strong, positive, and statistically significant effect suggests that SMEs who maintain higher levels of customer satisfaction through their digital marketing efforts tend to achieve greater customer loyalty. This finding aligns with established marketing principles that satisfied customers are more likely to make repeat purchases and advocate for the brand.

Social Media Engagement also showed a statistically significant positive effect on customer loyalty ($\beta = 0.168$, $t = 2.710$, $p = 0.008$). This result indicates that active, timely, and interactive engagement with customers on platforms like Facebook and Instagram plays a vital role in nurturing loyalty. SMEs that invest in regular content updates, responding to customer comments, and fostering community interaction tend to see stronger customer retention. Similarly, **E-commerce Platform Quality** demonstrated a significant positive association with customer loyalty ($\beta = 0.243$, $t = 2.135$, $p = 0.034$). This emphasizes the importance of having a reliable, user-friendly, and efficient online sales platform, such as Shop.com.mm or local equivalents. Customers' experiences during browsing, ordering, and payment processes directly influence their willingness to return and recommend the business.

In contrast, Digital Marketing Budget ($\beta = -0.073$, $t = -0.890$, $p = 0.375$) and Logistics and Operations ($\beta = -0.039$, $t = -0.575$, $p = 0.567$) did not have statistically significant impacts on customer loyalty in this model. Although both factors are critical operationally, their direct influence on loyalty appears limited when controlling for other variables like satisfaction and engagement. The negative but insignificant coefficients may suggest that higher budgets or logistical investments alone do not guarantee stronger loyalty without effective strategy and execution.

This chapter presented the key findings from the survey data of 200 SME owners, managers, and marketing staff in Yangon, analyzing how different factors influence customer loyalty through digital marketing channels.

1. Customer Satisfaction

Customer satisfaction received the highest emphasis, reinforcing that meeting or exceeding customer expectations in product quality, service, and digital interaction is paramount. SMEs with higher satisfaction scores generally report stronger customer loyalty, validating the importance of focusing on customer-centric practices online.

2. Social Media Engagement

The positive impact of social media engagement suggests that consistent, meaningful communication and interactive marketing content foster stronger brand-customer relationships. This supports the use of social platforms as essential tools for maintaining connection and trust with customers in Yangon's competitive SME landscape.

3. E-commerce Platform Quality

The quality of the e-commerce platform covering ease of use, payment security, and product presentation also plays a significant role in customer retention. SMEs that optimize their online storefronts can increase loyalty by improving user experience and customer confidence in online transactions.

4. Digital Marketing Budget and Logistics

The regression result for Digital Marketing Budget shows a negative but statistically insignificant effect on SME performance ($\beta = -0.073$, $p = 0.375$). Although budgeting for digital marketing is essential, this result suggests that spending alone does not predict success. Effectiveness may depend more on strategy and execution than budget size.

Conclusion of Chapter 4

The findings from this chapter underscore the pivotal role of customer satisfaction, social media engagement, and platform quality in shaping customer loyalty among SMEs in Yangon that utilize e-commerce and social media marketing. Overall, SME respondents expressed moderately positive views toward their digital strategies, yet the analysis also highlighted several operational and strategic gaps—particularly in areas like budget allocation, digital marketing capabilities, and logistics—that may limit long-term customer retention and competitive performance.

Summary of the regression analysis

This study employed multiple regression analysis to assess the impact of key digital marketing factors on customer loyalty. The model was found to be statistically significant, explaining **61.3% of the variance** in customer loyalty ($R^2 = 0.613$). **Customer Satisfaction** emerged as the strongest and most statistically significant predictor, confirming its vital role in fostering repeat business and positive word-of-mouth. Additionally, **Social Media Engagement** and **E-commerce Platform Quality** also demonstrated significant positive relationships with loyalty, highlighting the importance of frequent interaction, content consistency, and a seamless online shopping experience.

In contrast, **Digital Marketing Budget** and **Logistics and Operations** were not statistically significant predictors in this model. These results suggest that while budget and operations are necessary for execution, they may not independently drive customer loyalty unless paired with strong customer experience strategies.

Visual Chart Suggestion

Title: Predictors of SME Digital Performance – Standardized Beta Coefficients

Factor	**Beta (β)**	**Significance (p)**
Customer Satisfaction	0.791	0.000 ***
Social Media Engagement	0.168	0.008 **
E-commerce Platform Quality	0.243	0.034 *
Digital Marketing Budget	-0.073	0.375 (ns)

Factor	Beta (β)	Significance (p)
Logistics and Operations	-0.039	0.567 (ns)

*** = $p < 0.001$ | ** = $p < 0.01$ | * = $p < 0.05$ | ns = not significant

Recommendations Based on Findings

Enhance Customer Satisfaction Strategies

SMEs should prioritize customer-centric practices such as personalized support, timely delivery, and after-sales service. Regular customer feedback and satisfaction monitoring can help identify pain points and foster loyalty.

Strengthen Social Media Engagement

Consistent and interactive content on platforms like Facebook and Instagram can enhance customer relationships. SMEs should respond promptly to messages, run campaigns, and highlight customer testimonials.

Optimize E-commerce Platform Experience

Ensuring mobile-friendliness, clear navigation, secure payments, and fast loading times can improve customer trust and increase repeat visits.

Reassess Budget and Operational Visibility

Although budget and logistics are essential, SMEs may benefit from evaluating how efficiently resources are allocated toward customer-facing improvements and marketing outcomes.

Expand Communication about Value Delivery

Even if operational logistics and budget do not directly drive loyalty, clearer messaging around these efforts (e.g., fast shipping, sustainable packaging) can enhance perceived value.

CHAPTER V
CONCLUSION

This chapter consists of three sections. The first section presents key findings and interpretations based on the analyses discussed in Chapter IV. The second section outlines practical suggestions and recommendations aimed at improving the factors that influence customer satisfaction and customer loyalty among SMEs utilizing e-commerce and social media marketing in Yangon. The final section identifies directions for future research in this field.

5.1 Finding and Discussion

Customer Satisfaction and Loyalty in Yangon-Based SMEs

The results from the study offer valuable insights into how SMEs in Yangon apply digital tools—particularly e-commerce platforms and social media marketing—to enhance customer satisfaction and build loyalty. Although the overall sentiment was moderately positive, the findings also revealed several operational and strategic challenges that could hinder long-term growth and competitiveness.

Customer satisfaction across key dimensions—such as platform usability, content quality, service responsiveness, and value perception—was moderate to high. Respondents showed the greatest satisfaction with ease of ordering (mean = 3.98) and the frequency of social media updates (mean = 3.80), indicating that customers appreciate convenience and consistent brand presence. Additionally, content engagement and product information clarity also scored well (means = 3.68 and 3.63), suggesting effective communication of offerings. However, satisfaction was lower in areas such as post-purchase service (mean = 3.36) and responsiveness to inquiries (mean = 3.32), signaling gaps in after-sales support and two-way engagement. These areas present an opportunity for SMEs to deepen relationships through personalized communication and proactive problem-solving.

Communication and engagement scored a relatively favorable overall mean of 3.55. Respondents praised timely product updates (mean = 3.90), feeling valued (mean = 3.72), and involvement in promotional feedback loops (mean = 3.68).

Nonetheless, real-time customer service responsiveness (mean = 3.06) and proactive issue resolution (mean = 3.16) were rated lower, reflecting the need to improve customer service functions and community management.

The digital platforms used by SMEs were evaluated positively (overall mean = 3.73). Assistive tools like search filters, easy checkout systems, and mobile accessibility were especially appreciated (means = 3.93 and 3.90). The presence of safe, secure payment systems also enhanced perceived trust. However, physical logistics, such as delivery time and packaging quality, received lower satisfaction (mean = 3.48), emphasizing the need for operational improvements in last-mile services. Non-core elements such as loyalty programs, referral incentives, and value-added content were rated lower, with an overall mean of 3.03. The availability of extra services like personalized recommendations (mean = 2.77) and post-purchase engagement (mean = 2.68) fell short of expectations. Although customers acknowledged the benefit of brand interaction and offers (mean = 3.39), this area remains underdeveloped and requires strategic attention to enrich the customer experience

Customer sentiment regarding the overall brand experience recorded a moderate mean of 3.16. While general satisfaction was evident (mean = 3.51), trust in long-term value (mean = 3.10) and belief in the company's commitment to customers (mean = 3.05) were weaker. The lowest score was seen in brand community feel (mean = 2.87), suggesting that emotional and social bonds between customers and SMEs are still forming and need active nurturing.

Customer loyalty showed relatively strong results (overall mean = 3.53). High ratings were seen in likelihood to repurchase (mean = 3.69), intention to recommend the SME to others (mean = 3.63), and belief in the brand's impact (mean = 3.78). However, emotional connection (mean = 3.22) and advocacy participation (mean = 3.25) were rated lower. These findings indicate that while many customers are satisfied and willing to support the brand, deeper loyalty built on emotional resonance is still developing.

The multiple regression model explained 59.9% of the variance in customer loyalty ($R^2 = 0.599$), confirming a strong overall model fit. Customer Satisfaction was the most influential predictor ($\beta = 0.774$, $p < 0.001$), reinforcing that loyal customers are more likely to emerge when satisfaction is consistently met. Communication and Engagement ($\beta = 0.181$, $p = 0.006$) and Platform Quality and Environment ($\beta = 0.227$, $p = 0.027$) were also statistically significant, supporting the importance of usability and interactive communication. Conversely, Content Marketing Quality ($\beta = 0.060$, $p = 0.604$) and Non-core Services ($\beta = -0.060$, $p = 0.424$) did not have a significant direct effect on loyalty. These variables may still add value indirectly but require better alignment with core service delivery to enhance their impact

5.2 Suggestions and Recommendations

SMEs should invest in structured customer experience strategies. These may include personalized communication, consistent product quality, responsive service teams, and regular satisfaction surveys to identify and address customer concerns early. Utilize social media platforms not just for promotion but as a tool for dialogue. Quick response systems, chat-bots, and customer polls can enhance real-time engagement. SMEs should also hold virtual events, Q&A, and live promotions to build customer inclusion. Ensure the e-commerce interface is mobile-friendly, fast-loading, and easy to navigate. Features such as product filters, reviews, order tracking, and multiple payment options can improve customer convenience and retention.

Introduce or improve loyalty programs, exclusive content, and tailored recommendations. Communicate the value of these services clearly through product pages, email campaigns, or user on-boarding tutorials.

To deepen loyalty, brands must go beyond functional benefits. Sharing stories, recognizing repeat customers, showcasing community impact, and inviting customers into brand-building processes can foster a sense of belonging. Since marketing budget was not seen as a direct predictor of loyalty, SMEs must ensure spending is not just high but effective. Track performance metrics across campaigns and continuously test what drives engagement and conversions.

5.3 Needs for Further Research

To broaden the understanding of digital marketing success in SMEs, future research should expand to include firms from multiple industries and different regions of Myanmar. This would enable comparison across business types and geographic contexts. A longitudinal study could also explore how customer satisfaction and loyalty evolve in response to digital innovation or changing consumer behavior.

Qualitative research such as interviews with SME owners or focus groups with customers could offer deeper insights into emotional drivers, content preferences, and cultural influences affecting loyalty. Further, investigating the role of leadership, transparency in digital operations, and data privacy management could reveal more about customer trust. Finally, as digital tools grow more advanced, future studies might examine how emerging technologies such as AI-powered recommendations, CRM systems, and chatbots impact satisfaction and loyalty. Exploring the correlation between loyalty metrics and financial performance (e.g., customer lifetime value, retention rate) would also provide business owners with evidence to justify continued digital investment.

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