The Role of Digital Marketing in Enhancing the Competitiveness of Startups

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This article aims to examine the role of digital marketing in enhancing the competitiveness of start-ups, as they are a key player in economic growth and job creation. The study began by analyzing the theoretical framework of both start-ups and digital marketing, focusing on their concept, characteristics, and strategic importance. Various digital marketing strategies, such as search engine optimization, content marketing, social media marketing, sponsored advertising, and digital analytics, were then discussed, demonstrating their direct impact on increasing operational efficiency, expanding the customer base, building loyalty, and enhancing brand image. The results showed that start-ups' reliance on digital marketing strategies effectively contributes to overcoming funding constraints and limited resources, and enhances their ability to innovate and rapidly expand in local and global markets. However, these enterprises still face challenges related to digital infrastructure and weak human resources, which calls for the development of more integrated and sustainable digital strategies.

Keywords: Digital Marketing; Start-ups; Competitiveness; Marketing Strategies; Innovation; Competitive Advantage.

Jel Classification Codes : M31, M37, L26, O31

I- Introduction :

In light of the major transformations taking place in the global economic environment, resulting from the digital and technological revolution, digital marketing has emerged as one of the fundamental pillars of customer relationship management and building competitive advantage for organizations. Digital presence across various platforms has become an effective tool not only for large corporations but also for emerging companies, which often face challenges related to scarce financial and human resources, difficulty accessing traditional markets, and weak distribution networks. In this context, digital marketing provides a strategic opportunity for these organizations to enhance their competitiveness by reaching a wider audience, achieving faster expansion, and interacting directly with customers in a way that ensures greater flexibility in adapting to market changes.

The importance of this topic lies in the fact that emerging companies represent a major driver of economic growth and job creation. However, their continuity and development remain dependent on their ability to build sustainable competitiveness in a business environment characterized by intense competition and rapid change. Here, digital marketing is presented as a strategic option that provides flexible and effective tools capable of compensating for the limitations of traditional capabilities.

Study Problem

Based on the above, the following problem is posed:
To what extent does digital marketing contribute to enhancing the competitiveness of emerging enterprises, and what are the most prominent challenges and opportunities associated with it?

Study Methodology

The approach adopted is a descriptive and analytical approach, presenting the theoretical concepts of digital marketing and competitiveness and analyzing the relationship between them in the context of emerging enterprises.

Study Structure: The topic will be addressed through three main sections:

1. The theoretical framework of digital marketing and emerging enterprises.
2. The impact of digital marketing strategies on building the competitiveness of emerging enterprises.

Section One: The Theoretical Framework for Digital Marketing and Startups

1. Startups: Concept, Characteristics, and Importance

1-1 The Concept of Startups

Startups are a key driver of the contemporary economic fabric. They are defined as newly established projects that aim to introduce innovative products or services to the market (Usman et al., 2023, p. 5).

Algerian legislation defines a start-up, according to Article 11 of Executive Decree No. 20-254 of September 21, 2020, as any organization subject to Algerian law, provided that its age does not exceed eight (8) years, and that its business model is based on innovative products, services, a business model, or any other idea. In addition, its annual turnover must not exceed the amount determined by the National Commission, and the company's capital must be owned at least 50% by natural persons, accredited investment funds, or other organizations that have obtained the "Start-up" label. According to Algerian legislation, a startup should not have more than 250 employees, with significant growth potential (Official Gazette of the Algerian Republic, 2020, p. 11).

Thus, startups can be defined as newly established economic units that rely on an innovative business model, enabling them to develop and expand continuously. These enterprises are characterized by a high degree of risk due to the novelty of their ideas and their reliance on unstable or unexplored markets. However, this risk is often offset by opportunities for significant returns. It is also noted that startup activity is primarily based on exploiting modern and advanced technologies as the primary driver of their growth and competitiveness.

1-2 Characteristics

Startups are characterized by several distinct characteristics. They are essentially new, young, and temporary enterprises that rely on innovation and the continuous development of their business model. These enterprises possess a high capacity for growth and expansion, and generate rapid and high revenues compared to their establishment and operating costs, making them attractive to financiers and investors. However, they face high levels of risk due to the uncertainty surrounding their activities. It is worth noting that the emergence of start-ups was initially associated with the internet and technology sectors, but has gradually expanded to include other traditional sectors such as agriculture, industry, education, and health. Their funding sources are often linked to two main categories of investors: venture capitalists and business angels, who provide the necessary financial resources to support their growth and development (Ben Chaouat & Kadri, 2021, pp. 302-303).

This type of organization is also characterized by essential characteristics, the most important of which are: organizational flexibility, a high capacity for innovation, and a tendency to quickly exploit new opportunities (Kumar & Petersen, 2012, p. 25). Start-ups typically arise in high-risk environments, but they have great potential for rapid growth if they properly exploit available marketing opportunities.

1-3 Importance

The importance of start-ups lies in their effective contribution to job creation, stimulating economic growth, and enhancing market competition, making them a true engine of development (Dwivedi et al., 2021, p. 9). However, these enterprises face numerous challenges, such as limited funding, a lack of managerial competencies, and the difficulty of building strong networks with customers and suppliers (Odoom et al., 2017, p. 385).

2. Digital Marketing

2-1 The Concept of Digital Marketing

Digital marketing is defined as a set of modern interactive tools and channels that rely on various digital media, such as social media, websites, and smart devices, to promote and market products and services, with a focus on satisfying consumers' needs and fulfilling their desires with ease and convenience. This type of marketing contributes to building and developing direct and personal relationships with customers, enhancing its effectiveness and ability to achieve institutional goals in an ever-evolving digital environment (Hassan, 2024, p. 96).

Digital marketing is also considered a qualitative development in traditional marketing practices, encompassing all activities that use digital technology and the internet to promote products and services, manage customer relationships, and enhance brand positioning (Chaffey & Ellis-Chadwick, 2019, p. 14).

This field has evolved since the 1990s, moving from mere online advertising to an integrated system that includes data analytics, personalization, interactivity, and tracking tools (Strauss & Frost, 2014, p. 33).

Digital marketing differs from traditional marketing in that it allows companies to accurately measure performance and determine the effectiveness of marketing campaigns, in addition to the ability to target specific segments of consumers based on their interests and behavior (Ryan, 2016, p. 41). For emerging companies, digital marketing provides an alternative to costly traditional marketing, allowing them to reach global markets with limited budgets (Tiago & Veríssimo, 2014, p. 704).

2-2 Characteristics

- ✓ Widespread and Global: Digital marketing enables organizations to engage with customers anytime, anywhere, without geographical restrictions, thanks to digital tools such as computers and smartphones.
- ✓ Speed and Innovation: It is characterized by a rapid pace of updating goods, services, distribution methods, and demand, making it more capable of keeping pace with ongoing market changes.
- ✓ Reducing Distances and Enhancing Competition: It opens the way for organizations to reach local and international companies, which raises the level of competition and stimulates the improvement of the quality of goods and services.
- ✓ Cultural and Social Diversity: Transcending geographical boundaries gives digital marketing a global character, contributing to the creation of a diverse environment of nationalities and cultures, which is a strength for organizations.
- ✓ Complete Digital Transformation (Zero Paper): It relies on eliminating paper transactions, from ordering to delivery and electronic payment (Al-Shabakani, 2009, p. 22).
- ✓ Digital Infrastructure: It is based on three basic dimensions:

  • Hard infrastructure, which includes devices, tools, and networks.

  • Soft infrastructure, including software, data, applications, and digital services.

  • Human infrastructure, represented by qualified personnel capable of managing operations and integrating marketing concepts with information and communication technology (Habiba, 2022, p. 84).

2-3 Digital Marketing Tools and Channels

The basic tools and channels of digital marketing can be divided into the following:

- Social Media: Platforms such as Facebook, Instagram, and Twitter are key tools for direct interaction with customers, allowing startups to create a virtual community around their products and services (Haouari & Haouari, 2024, p. 162). These platforms not only contribute to brand promotion but also to building loyalty and fostering long-term relationships with consumers.
- Content Marketing: This involves creating articles, blogs, videos, or newsletters that provide educational or entertainment value to the customer. This type of marketing seeks to build trust and establish a positive image for the startup (Tiago & Veríssimo, 2014, p. 705).

- Email marketing: Although one of the oldest digital tools, it remains an effective way to maintain contact with existing customers, inform them of new offers, and customize messages to suit their interests (Dwivedi et al., 2021, p. 11).
- Paid digital advertising: Startups enable precise targeting of their desired audience through tools such as Google Ads and Facebook Ads, reducing resource waste and increasing conversion rates (Rizvanović et al., 2023, p. 6).
- Search engine optimization (SEO) and search engine marketing (SEM): These tools are the cornerstone of increasing the online visibility of startups' websites. Being among the first search results enhances the company's credibility and increases the chances of attracting new customers (Odoom et al., 2017, p. 389).

Section Two: The impact of digital marketing strategies on building the competitiveness of emerging companies.

1- Digital Marketing Strategies for Startups

1-1 Search Engine Optimization (SEO) Strategy

SEO is one of the most sustainable and effective strategies, as it builds a long-term online presence for the organization. Startups that rely on SEO optimize their websites to comply with search engine standards such as Google, by optimizing titles, using keywords, improving site speed, and internal and external linking (Chaffey & Ellis-Chadwick, 2019, p. 133).

The greatest advantage of SEO is that it attracts "qualified" customers who are actually searching for the product or service, which increases the conversion rate compared to other channels (Kotler & Keller, 2016, p. 201). Arab studies have confirmed that startups that invested in SEO succeeded in increasing their sales by more than 40% within one year (Al-Azzawi, 2020, p. 119).

1-2 Social Media Marketing Strategy

Social media has become an ideal platform for engaging with customers thanks to its ability to accurately target (Kaplan & Haenlein, 2010, p. 65). Startups leverage these platforms to build a strong brand identity through creative campaigns, contests, and interactive content.

These channels also provide an opportunity to measure real-time engagement with audiences and transform customers into brand ambassadors through "sharing" and "liking" (Al-Khalili, 2022, p. 207). This strategy enables start-ups to compete with larger organizations through emotional and human proximity to customers.

1-3 Content Marketing Strategy

Content is at the heart of digital marketing. It allows start-ups to offer value before the sale, through informative articles, educational videos, or inspiring stories (Ryan, 2016, p. 115). This strategy builds trust and credibility, creating a long-term relationship with consumers.

For example, a health startup can publish free articles and nutritional advice, which will build trust and later encourage consumers to use its products. In the Arab context, studies have shown that content marketing is the most effective tool for small businesses because it relies on creativity rather than spending (Hassan, 2019, p. 188).

1-4 Email Marketing Strategy

Despite its age, email remains a key tool in digital marketing. Startups leverage this strategy to build customer databases and then engage with them through targeted, personalized campaigns (Stone & Woodcock, 2014, p. 73).

Successful campaigns utilize "personalized email," which addresses customers by name and offers tailored to their purchasing history. This technique increases open and purchase rates and builds lasting loyalty (Al-Qarni, 2021, p. 172).

1-5 Paid Digital Advertising Strategy (PPC/Ads)

Paid advertising allows startups to quickly reach the market, especially if they are in the launch phase (Strauss & Frost, 2014, p. 121). What distinguishes this strategy is its flexibility: the budget, audience, geographic area, and even interests can be specified, with results accurately measured through metrics such as CTR (Click Through Rate) or CPC (Cost Per Click) (Al-Ghamdi, 2018, p. 194). This strategy is an ideal solution when rapid expansion is needed, but it requires careful management to avoid becoming a high cost with no tangible return.

1-6 Influencer Marketing Strategy

Influencers represent a quick bridge to target customers, especially in environments where startups lack a pre-existing trust base (Freberg et al., 2011, p. 311). Startups often collaborate with micro-influencers, who have smaller but more engaged and credible followers. This collaboration can be cost-effective compared to large influencers and achieve significant results in building credibility and brand image (Al-Hashemi, 2020, p. 137).

1-7 Mobile Marketing Strategy

With the rise in smartphone usage, mobile marketing has become a key strategy. This includes text messages, app notifications, or mobile-friendly websites (Shankar et al., 2010, p. 118). Startups leverage this strategy to build real-time relationships with customers, such as sending instant notifications about a special offer. Studies have shown that organizations that relied on telephone marketing recorded engagement rates exceeding 60% compared to email (Saeed, 2017, p. 128).

1-8 Video Marketing Strategy and Visual Platforms

Video is one of the most powerful tools for influencing consumers because it combines sound, image, and emotion. Platforms like YouTube and TikTok have helped startups go viral through short, creative clips (Burgess & Green, 2018, p. 92). Video contributes to a higher retention rate of marketing messages by over 80% compared to traditional text (Murad, 2019, p. 239). Therefore, it is one of the most important means of building a distinct visual identity.

1-9 Digital Analytics Strategy (Web & Social Analytics)

Digital analytics provides real-time data on customer behavior, such as the most visited pages, length of stay, or the most requested products (Tiago & Veríssimo, 2014, p. 704). This strategy helps startups make informed decisions: discontinue ineffective campaigns, increase investment in successful campaigns, or modify products to suit customer interests (Attia, 2021, p. 104).

2. The Impact of Digital Marketing Strategies on Building Competitiveness

2-1 The Impact on Reducing Costs and Maximizing Operational Efficiency

Digital marketing strategies, such as search engine optimization and content marketing, are among the most cost-effective tools compared to traditional channels, as startups can achieve broad reach with limited budgets (Kotler & Keller, 2016, p. 88). In the Arab context, studies have shown that relying on digital channels reduces the burden of advertising expenses and directs resources toward innovation (Al-Azzawi, 2020, p. 112).

2-2 Impact on Market Access and Customer Base Expansion

Digital marketing enables startups to overcome geographical barriers and quickly reach new markets (Chaffey & Ellis-Chadwick, 2019, p. 144). This digital expansion enhances competitiveness because it positions startups to compete with older, larger companies (Hassan, 2019, p. 201).

2-3 Impact on Building Relationships and Enhancing Customer Loyalty

Constant engagement via email, social media, and personalized content enhances customer loyalty (Stone & Woodcock, 2014, p. 75). Loyalty is a strategic component of competitiveness, ensuring sustainable revenue and reducing the cost of acquiring new customers (Al-Qarni, 2021, p. 165).

2-4 Impact on Innovation and Market Differentiation

Using tools such as digital video or influencer marketing allows startups to present their products and services in innovative ways (Ryan, 2016, p. 131). This differentiation contributes to enhancing competitiveness in saturated markets (Al-Khalili, 2022, p. 214).

2-5 Impact on Building Credibility and Brand Image

Being ranked high in search engines or collaborating with prominent influencers increases brand credibility (Strauss & Frost, 2014, p. 99). In the Arab world, studies have shown that a digital organization's image is a key factor in consumer decisions (Al-Hashemi, 2020, p. 141).

2-6 Impact on Strategic Decision-Making

Digital analytics provide organizations with real-time indicators of consumer behavior and market trends, enhancing their strategic flexibility (Tiago & Veríssimo, 2014, p. 705). This adaptability represents a competitive advantage in the face of rapid changes (Al-Ghamdi, 2018, p. 188).

2-7 Impact on Strengthening Relationships with the External Environment and Partners

Marketing alliances across digital platforms help startups leverage stronger partner networks and expand their influence (Baines, Fill & Page, 2013, p. 212). This translates into a competitive advantage derived from collaboration and partnership (Attia, 2021, p. 97).

2-8 Impact on Diffusion Speed and the Ability to Create a Time Advantage

Rapid digital diffusion gives organizations the advantage of capturing market segments in a short period of time, before competitors take notice (Kaplan & Haenlein, 2010, p. 67). This time advantage is a crucial element of competitiveness, especially in dynamic markets (Saeed, 2017, p. 134).

2-9 Impact on Sustainability of Competitiveness

Digital marketing strategies, through updated content and continuous analytics, build sustainable competitiveness that does not rely on temporary success but rather on a long-term, integrated system (Porter, 2008, p. 157). This is confirmed by Arab studies that consider digitization a tool to ensure the survival of emerging companies in the face of larger competitors (Murad, 2019, p. 244).

Conclusion:

This study demonstrated that digital marketing is no longer merely a complementary option for startups, but rather a prerequisite for their survival and continuity in an environment characterized by rapid transformation and intense competition. The results highlighted that various digital tools, such as social media marketing, content marketing, and search engine optimization, provide startups with unprecedented opportunities to reach a wide range of customers at lower costs and with greater effectiveness, compared to traditional methods. The study also demonstrated that these tools contribute to building a competitive advantage by enhancing innovation, strengthening the organization's digital identity, and providing the potential for rapid expansion in local, regional, and global markets. However, startups' reliance on digital marketing remains fraught with objective challenges, most notably limited financial resources, a shortage of specialized human resources in the digital field, and the rapid change in digital platforms and the algorithms that govern them. This necessitates the development of more integrated policies and strategies based on comprehensive digital transformation, investment in training and digital skills development, and the adoption of innovative practices that align with the specificities of the local and international market. Furthermore, enhancing the effectiveness of digital marketing requires building strategic partnerships with technology players and leveraging incubators and accelerators that provide technical and financial support. The role that governments and regulatory bodies can play in providing a suitable digital environment and robust infrastructure is also pivotal to supporting startups on their competitive path.

One of the key findings of this study is that startups that embrace a culture of digital innovation and invest in data and analytics will be better able to adapt to crises and sudden changes, as demonstrated during the COVID-19 pandemic, which demonstrated that digital companies or those that relied on advanced e-marketing tools were able to maintain their continuity and even strengthen their market position. Therefore, digital marketing is not just a promotional tool; it is an integrated strategic mechanism that reshapes the business model of startups, propelling them toward higher levels of competitiveness and sustainability. The key challenge for the future remains how to reconcile the acceleration of technological developments with the capabilities of startups to optimally leverage them. This opens the door to further future research on digital marketing strategies in different environments, and their impact on the performance indicators, innovation, and international expansion of emerging companies.

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