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Challenges and Opportunities of Social Media Marketing Adoption by SMEs for Brand Engagement in Nigeria

BAGUDU, Dele[1] & CHUKWUEMEKE, Helen Edowaye[2]
Management Information System Division,
Federal Polytechnic, Auchi
Department of Business Education
Faculty of Vocational and Technical Education
University of Benin, Benin City
delebagudu@auchipoly.edu.ng
helen.chukwuemeke@uniben.edu.ng

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Abstract
In Nigeria's rapidly evolving digital economy, social media has emerged as a vital marketing channel for small and medium-sized enterprises (SMEs) seeking to strengthen brand engagement and remain competitive. This paper investigates the challenges and opportunities associated with the adoption of social media marketing (SMM) by Nigerian SMEs. While platforms such as Facebook, Instagram, WhatsApp, and X (formerly Twitter) offer affordable and wide-reaching avenues for brand visibility and customer interaction, SMEs in Nigeria face unique constraints. These include inconsistent internet access, low digital literacy, limited financial resources, and lack of strategic planning. Additionally, infrastructural deficits and fluctuating government policies can inhibit effective digital adoption. Nevertheless, the opportunities are significant—social media enables direct customer feedback, targeted advertising, influencer partnerships, and increased market reach beyond local borders. With proper training, localized content strategies, and policy support, Nigerian SMEs can overcome barriers and harness social media to drive sustainable brand engagement and business growth.

Keywords
Social Media Marketing, Nigerian SMEs, Brand Engagement, Digital Economy, Online Marketing, Small Business,

Introduction

Small and Medium Enterprises (SMEs) play a crucial role in the economic growth and development of Nigeria, accounting for nearly 96% of businesses and contributing about 48% to the national GDP (SMEDAN & NBS, 2021). Despite their significance, SMEs in Nigeria often face challenges such as limited access to finance, inadequate infrastructure, and restricted market reach (Onugu, 2020). In response to these challenges, social media has emerged as a vital tool for enhancing brand visibility, customer engagement, and competitive advantage.

The rapid penetration of internet and mobile technologies in Nigeria has accelerated the adoption of social media platforms like Facebook, Instagram, Twitter (now X), and WhatsApp as marketing and communication channels for SMEs (Akinbola & Ogunnaike, 2022). These platforms provide cost-effective opportunities for businesses to connect with customers, promote products, and build brand loyalty without the heavy financial burden of traditional advertising. However, the effective adoption of social media marketing is influenced by factors such as digital literacy, technological infrastructure, and consumer trust (Eze et al., 2021).

Given the increasing reliance on digital platforms for business growth, it is important to critically examine the challenges and opportunities that social media marketing presents for Nigerian SMEs. This exploration will not only highlight the strategic importance of social media for brand engagement but also provide insights into how SMEs can leverage these platforms for sustainable growth in a competitive marketplace.

Social media marketing

This is the strategic use of platforms like Facebook, Instagram, and TikTok to promote products or services, build brand awareness, connect with audiences, and drive sales or website traffic.

Social media marketing is the use of social media—the platforms on which users build social networks and share information—to build a company's brand, increase sales, and drive website traffic. In addition to providing companies with a way to engage with existing customers and reach new ones, SMM has purpose-built data analytics that allows marketers to track the success of their efforts and identify even more ways to engage.

According to Data Reportal and Kepios, there were 5.31 billion social media identities across the world as of April 2025.1 As a result, SMM has incredible reach to consumers. (INVESTOPEDIA, 2025).

Brand engagement

This is the ongoing process of building an authentic, emotional connection and attachment between a consumer and a brand, fostering loyalty and positive interaction. It goes beyond simple transactions and includes actively participating with the brand online through comments and likes, or offline through customer service and product feedback. High brand engagement leads to increased brand awareness, customer loyalty, positive word-of-mouth marketing, and can ultimately drive business success.

Digital Economy

Digital economy encompasses all economic activities and transactions facilitated by digital technologies, like the internet, mobile devices, and data, transforming traditional business models into online, interconnected systems. Driven by innovations in areas like cloud computing, artificial intelligence, and the Internet of Things (IoT), it allows for online marketplaces, digital services, and data-driven processes, creating new income streams and improving convenience and efficiency for consumers and businesses alike. In Nigeria, the digital economy is a significant focus for growth, with substantial investments in digital infrastructure, skills, and entrepreneurship to drive economic diversification and job creation.

The Role of SMEs in Nigeria's Economy

Small and Medium Enterprises (SMEs) are vital contributors to the Nigerian economy, serving as drivers of employment, innovation, and poverty reduction. According to the joint survey by SMEDAN and NBS (2021), SMEs constitute 96% of all businesses in Nigeria, employ about 84% of the workforce, and contribute nearly 48% to the country's GDP. Despite their significance, SMEs face systemic challenges such as inadequate infrastructure, access to credit, and low levels of technological adoption (Onugu, 2020). These limitations have made it necessary for SMEs to adopt cost-effective strategies such as social media marketing to remain competitive.

Social Media as a Marketing Tool

Social media has become a powerful driver of marketing innovation, enabling enterprises to reach customers more effectively, enhance visibility, and foster meaningful engagement. In Nigeria, platforms such as Facebook, Instagram, WhatsApp, and X (formerly Twitter) are increasingly embraced by Small and Medium Enterprises (SMEs) due to their affordability, accessibility, and wide reach (Adejuwon & Lawal, 2022; Gbandi & Iyamu, 2022). Unlike traditional marketing approaches, social media enables two-way communication where businesses not only disseminate information but also interact directly with customers, building trust and loyalty (Nwali & Ntegeeh, 2022).

Recent studies further highlight that social media marketing significantly improves SMEs' performance by boosting sales, enhancing brand awareness, and strengthening customer retention (Lawal & Adejuwon, 2023; Benson, 2025; Ilesanmi & Oyedepo, 2023). As such, social media has emerged as an indispensable marketing tool for SMEs striving to remain competitive in dynamic business environments.

Statement of the problem

Although social media platforms offer SMEs opportunities for visibility, cost-effective marketing, and customer interaction, many SMEs fail to adopt or utilize them effectively. Some lack adequate knowledge and strategies, while others face structural barriers such as limited budgets and rapidly changing digital trends. This raises the question: What opportunities and challenges do SMEs encounter in adopting social media marketing for brand engagement?

Literature Review

Social media has emerged as a vital tool for SMEs, providing cost-effective opportunities for brand promotion, customer engagement, and expansion into new markets. Compared to traditional advertising, platforms such as Facebook, Instagram, and WhatsApp offer SMEs the ability to interact directly with customers, gather instant feedback, and foster online communities that enhance brand loyalty.

Beyond local boundaries, social media facilitates global visibility, allowing SMEs to compete on an international scale at relatively low cost (Ilesanmi & Oyedepo, 2023; OECD, 2021; World Bank, 2022).

Research further suggests that social media strengthens SMEs' competitiveness by enabling creative marketing strategies and improving customer relationships. Nigerian SMEs, in particular, have leveraged digital platforms to showcase products, engage customers in real time, and differentiate themselves from larger competitors. Studies confirm that when used strategically, social media can significantly improve business performance and long-term sustainability through stronger customer loyalty and enhanced market presence (Adejuwon & Lawal, 2022; Nwali & Ntegeeh, 2022).

Despite these opportunities, SMEs face persistent challenges in adopting and maximizing social media marketing. Limited digital literacy, inadequate managerial expertise, and a lack of technical know-how prevent many businesses from designing and implementing effective campaigns. Financial constraints further hinder investments in paid advertising, analytics, and skilled personnel, while frequent algorithm changes and high online competition reduce content visibility and limit engagement outcomes (Gbandi & Iyamu, 2022; OECD, 2023; Benson, 2025).

To address these barriers, SMEs require structured support and innovative strategies. Partnerships with government agencies, business associations, and universities can provide digital training and capacity-building programs to close knowledge gaps. At the enterprise level, consistent content creation, storytelling, influencer partnerships, and user-generated content can enhance authenticity and trust. Furthermore, SMEs can benefit from collaborative approaches, such as forming cooperatives or business clusters, to pool resources, run joint campaigns, and reduce costs while expanding digital reach (World Bank, 2022; Adejuwon & Lawal, 2022; Nwali & Ntegeeh, 2022).

Challenges of Social Media Marketing Adoption by SMEs

Despite its numerous opportunities, the adoption of social media marketing by Small and Medium Enterprises (SMEs) in Nigeria is not without challenges. One of the foremost issues is the lack of digital skills and expertise among SME owners and employees, which often limits their ability to design effective online campaigns and engage customers meaningfully (Ilesanmi & Oyedepo, 2023). Many SMEs also struggle with financial constraints, as the costs associated with creating quality content, running paid advertisements, and maintaining consistent engagement can be overwhelming for businesses with limited resources (Adejuwon & Lawal, 2022).

Another challenge is inadequate infrastructure, particularly poor internet connectivity and unreliable power supply, which hampers SMEs' ability to manage social media activities efficiently (Gbandi & Iyamu, 2022). Furthermore, trust and security concerns remain significant barriers, as customers may be skeptical about transacting online due to fears of fraud and privacy breaches (Benson, 2025).

Additionally, the rapidly changing algorithms and policies of major platforms such as Facebook, Instagram, and X (formerly Twitter) present difficulties for SMEs in keeping up with evolving marketing strategies, often leading to reduced visibility and engagement (Nwali & Ntegeeh, 2022). Lastly, SMEs often face high competition from larger firms with greater resources, making it challenging to stand out in saturated digital marketplaces (Lawal & Adejuwon, 2023).

Collectively, these challenges highlight the need for SMEs in Nigeria to build capacity, adopt affordable digital tools, and develop resilience in order to maximize the benefits of social media marketing.

Opportunities of Social Media Marketing for SMEs

Social media marketing presents significant opportunities for Small and Medium Enterprises (SMEs), particularly in Nigeria, where digital adoption continues to expand rapidly. One of the most notable opportunities is *enhanced brand visibility and awareness*. Platforms such as Facebook, Instagram, WhatsApp, and X (formerly Twitter) allow SMEs to showcase their products and services to a broad audience at relatively low cost, thereby strengthening their market presence (Nwali & Ntegeeh, 2022).

Another opportunity lies in *customer engagement and relationship building*. Social media enables SMEs to interact directly with their customers, obtain real-time feedback, and build long-term trust and loyalty (Adejuwon & Lawal, 2022). This interactivity provides SMEs with valuable insights into consumer preferences and behavior, which can inform product development and service delivery (Ilesanmi & Oyedepo, 2023).

Social media also offers *cost-effective marketing and sales growth potential*. Unlike traditional advertising, digital campaigns can be run on modest budgets while still achieving high reach and measurable impact opined by (Lawal & Adejuwon, 2023). Studies further reveal that social media positively influences sales performance and revenue growth among Nigerian SMEs according to (Gbandi & Iyamu, 2022).

Moreover, social media platforms create avenues for *word-of-mouth marketing and virality*, where satisfied customers share positive experiences, thereby amplifying reach beyond paid campaigns (Benson, 2025). Finally, the integration of e-commerce features within platforms like Instagram and WhatsApp provides SMEs with an additional opportunity to streamline sales processes and expand into new markets without heavy infrastructural investments.

Collectively, these opportunities underscore the role of social media marketing as a strategic driver of competitiveness, growth, and sustainability for SMEs in Nigeria's dynamic business environment.

Theoretical Perspectives on Social Media Adoption

Recent scholarship has employed several theoretical frameworks to explain SME adoption of social media marketing. The Technology Acceptance Model (TAM) remains a dominant perspective, as studies show that Nigerian SMEs are more likely to adopt social media when they perceive it as useful for enhancing performance and easy to integrate into daily operations (Ilesanmi & Oyedepo, 2023).

The Resource-Based View (RBV) has also been applied to emphasize the importance of internal resources—such as digital literacy, technological capacity, and innovative strategies—in driving social media adoption. Evidence suggests that SMEs with stronger digital competencies and marketing knowledge are better positioned to gain competitive advantage through online engagement (Adejuwon & Lawal, 2022; Lawal & Adejuwon, 2023).

Similarly, the Diffusion of Innovation (DOI) theory provides insights into the varying rates of adoption among SMEs. Nigerian SMEs with greater awareness, access to digital infrastructure, and adaptability are quicker to embrace social media compared to those constrained by infrastructural and financial barriers (Gbandi & Iyamu, 2022).

More recent discussions extend to the Unified Theory of Acceptance and Use of Technology (UTAUT), which highlights the role of performance expectancy, social influence, and facilitating conditions in shaping adoption decisions. Research in Nigeria confirms that SMEs are influenced not only by perceived benefits but also by peer networks, customer expectations, and enabling infrastructure (Benson, 2025; Nwali & Ntegeeh, 2022).

Together, these perspectives illustrate that SME adoption of social media marketing in Nigeria is a multifaceted process shaped by perceptions of technology, internal resources, social factors, and contextual challenges.

Strategies for Enhancing Social Media Marketing Adoption

While Nigerian SMEs face considerable obstacles in adopting social media marketing, several strategies can help mitigate these challenges and maximize digital opportunities.

First, *capacity building and digital literacy training* are essential. Many SME owners lack the skills required to design effective campaigns or analyze consumer data. Providing training programs and workshops can equip entrepreneurs with the knowledge to leverage social media tools more effectively (Ilesanmi & Oyedepo, 2023).

Second, SMEs can adopt *cost-effective marketing practices* by utilizing free or low-budget tools for content creation and analytics, while focusing on organic engagement to complement paid advertising. Evidence suggests that even modest investments in social media marketing can significantly enhance performance if strategically managed (Lawal & Adejuwon, 2023).

Third, *collaboration and partnerships*—such as forming digital marketing cooperatives or outsourcing to affordable local agencies—can help SMEs overcome resource constraints while maintaining professional content quality (Adejuwon & Lawal, 2022).

Fourth, to address *trust and security issues*, SMEs should adopt transparent business practices, ensure secure payment channels, and actively engage customers through consistent and authentic communication. Building online credibility has been shown to foster consumer confidence and loyalty (Benson, 2025).

Finally, SMEs need to stay *adaptive to platform changes* by continuously monitoring algorithm updates and embracing innovative features like in-app shops, reels, and live streaming. This adaptability allows SMEs to maintain visibility despite the dynamic nature of social media platforms (Nwali & Ntegeeh, 2022; Gbandi & Iyamu, 2022).

Overall, by investing in digital literacy, adopting cost-efficient strategies, building trust, and staying adaptive, SMEs in Nigeria can successfully overcome barriers to social media marketing and unlock its full potential for growth and competitiveness.

Comparative Analysis with Global Trends

Globally, Small and Medium Enterprises (SMEs) are increasingly shifting marketing budgets from traditional media to digital and social platforms. This trend is largely driven by the affordability of digital tools, their ability to reach wider audiences, and the availability of performance metrics that enhance decision-making (OECD, 2021; World Bank, 2022). SMEs in advanced economies now integrate social media into broader e-commerce ecosystems, linking digital advertising with secure online payments, logistics, and customer analytics. Such integration has enabled firms to not only increase visibility but also translate engagement into measurable sales growth and international market access (OECD, 2023).

Nigerian SMEs share these motivations, particularly the desire to reduce marketing costs and expand customer reach. Recent studies show that many Nigerian businesses actively use Facebook, WhatsApp, and Instagram to promote their products and maintain relationships with customers (Ilesanmi & Oyedepo, 2023; Nwali & Ntegeeh, 2022). For smaller enterprises, social media has become a low-cost substitute for traditional advertising, allowing entrepreneurs to compete with larger firms on brand visibility. However, compared to global peers, the depth of adoption in Nigeria is more limited, with SMEs often relying on basic posting and messaging functions rather than advanced digital tools such as targeted advertising, social listening, or integrated analytics (Adejuwon & Lawal, 2022).

The barriers facing Nigerian SMEs are also more pronounced than those in developed economies. While global studies emphasize challenges such as managerial capacity, digital skills gaps, and financial constraints (World Bank, 2022; OECD, 2023), Nigerian SMEs contend with additional structural obstacles. These include poor internet connectivity, unreliable electricity supply, limited access to credit for digital investment, and lower levels of digital literacy (Gbandi & Iyamu, 2022; Benson, 2025). Such contextual challenges not only slow down adoption but also prevent many SMEs from moving beyond awareness-building into fully monetized digital marketing strategies.

Despite these challenges, the opportunities for Nigerian SMEs remain significant. Social media provides a platform for enhancing customer engagement, reaching underserved markets, and promoting innovation in brand communication (Nwali & Ntegeeh, 2022). Yet, to achieve parity with global trends, Nigeria requires enabling policies that improve digital infrastructure, expand SME financing, and strengthen capacity-building programs. Lessons from advanced economies highlight that successful adoption depends on integrated ecosystems where connectivity, secure payment systems, and digital skills training converge to support SME competitiveness (OECD, 2021; World Bank, 2022). Without addressing these structural gaps, Nigerian SMEs may continue to lag behind their global counterparts in maximizing the transformative potential of social media marketing.

Conclusion

This study examined the challenges and opportunities of social media marketing adoption by SMEs in Nigeria with a focus on brand engagement. The review of secondary data revealed that SMEs are central to Nigeria's economic development, accounting for the majority of businesses and employment. Social media platforms such as Facebook, Instagram, Twitter (X), and WhatsApp have emerged as vital tools for SMEs to enhance visibility, build customer relationships, and expand into new markets.

However, despite these opportunities, SMEs face significant challenges that limit the full exploitation of social media marketing. These include infrastructural deficits such as unstable internet and electricity supply, digital literacy gaps among entrepreneurs, lack of trust in online transactions, and financial constraints that prevent investment in professional digital marketing strategies.

Overall, while Nigerian SMEs recognize the potential of social media for brand engagement, success depends largely on overcoming systemic barriers and equipping businesses with the resources and skills necessary for effective adoption.

Recommendations

The following recommendations are proposed:

Capacity Building and Training: Government agencies, business associations, and universities should organize regular workshops and training programs on digital marketing specifically tailored for SME owners. Such training should emphasize practical skills in content creation, data analytics, online branding, and customer engagement strategies. This will help bridge the persistent digital literacy gap and enable SMEs to maximize the benefits of social media marketing.

Improved Digital Infrastructure: To enhance adoption, the Nigerian government—through agencies such as the Ministry of Communications and Digital Economy—should prioritize investments in broadband penetration and affordable internet access for SMEs. Public-private partnerships with telecommunications companies can play a crucial role in reducing data costs and improving service reliability across urban and rural areas.

Access to Finance for Digital Transformation: Financial institutions and development banks should design credit facilities, grants, or subsidies specifically aimed at supporting SME digitalization. Funding mechanisms should include resources for social media advertising, acquisition of digital tools, and broader technology adoption. This will reduce financial barriers and allow SMEs to compete effectively in the digital marketplace.

Strengthening Trust and Cybersecurity: SMEs should adopt secure and user-friendly online payment systems while maintaining transparency in pricing, product quality, and service delivery. At the policy level, regulators must strengthen cybersecurity frameworks to protect both businesses and consumers from fraud and data breaches. Building trust in digital transactions is critical to expanding online engagement.

Collaborative Marketing Initiatives: SMEs should form cooperatives, clusters, or business networks to execute joint social media campaigns. Such collaborations can reduce marketing costs, expand audience reach, and encourage shared learning. By pooling resources and expertise, SMEs can enhance competitiveness and achieve economies of scale in digital promotion.

Policy Support and Incentives: The government should enact policies that provide tax incentives, grants, or subsidies to SMEs investing in digital marketing and online business operations. National agencies such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Information Technology Development Agency (NITDA) should integrate social media marketing into their entrepreneurship and SME development programs to ensure widespread adoption.

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