Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

THE ROLE OF DIGITAL PLATFORMS IN RESHAPING MARKET ENTRY STRATEGIES FOR SMEs

Nur Aimilea Nabila Binti Mohd Azni[1]
Phang Yook Ngor [2*]
Fatimah Hashim[3]
Nurul Emyza Zahidi[4]

[1] Faculty of Business and Management, Universiti Teknologi MARA Melaka, 78000 Alor Gajah, Melaka, Malaysia (Email: bellaazni@gmail.com)
[2] Faculty of Computer Science and Mathematics, Universiti Teknologi MARA Melaka, 78000 Alor Gajah, Melaka, Malaysia (Email: phang@uitm.edu.my)
[3] Faculty of Computer Science and Mathematics, Universiti Teknologi MARA Melaka, 78000 Alor Gajah, Melaka, Malaysia (Email: fatimah.hashim@uitm.edu.my)
[4] Faculty of Computer Science and Mathematics, Universiti Teknologi MARA Melaka, 78000 Alor Gajah, Melaka, Malaysia (Email: nurulemyza@uitm.edu.my)
*Corresponding author: phang@uitm.edu.my

Article history
Received date : 4-9-2025
Revised date : 5-9-2025
Accepted date : 5-10-2025
Published date : 15-10-2025

To cite this document:
Mohd Azni, N. A. N., Phang, Y. N., Hashim, F., & Zahidi, N. E. (2025). The role of digital platforms in reshaping market entry strategies for SME. *International Journal of Accounting, Finance and Business (IJAFB),* 10 (62), 476 – 483.

Abstract: *Small and medium-sized enterprises play a vital role in economic growth but face challenges that include high costs, limited marketing options, and difficulty entering new markets. Digital platforms such as Shopee, TikTok, and Instagram provide features that can overcome the challenges faced by SMEs. These digital platforms help SMEs cut costs, increase visibility, and engage a larger audience. SMEs can utilize these tools to gain insights, which can help them obtain a wider audience of customers, better target their markets, and improve marketing campaigns. Network Theory, the Resource-Based View (RBV), and Transaction Cost Economics indicate that the various digital platforms help small firms compete with large corporations, penetrate new markets, and adjust to changing trends. These platforms are often very difficult for small and medium-sized businesses to take full advantage of, given their lack of an in-depth understanding of using them optimally. The right methods will enable SMEs to survive in a hostile digital economy and achieve sustained growth.*

Keywords: *Digital Platforms, Small and Medium Enterprises (SMEs), Marketing, Strategy*

Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

Introduction

SMEs stands for small and medium enterprises. In Malaysia, SMEs are businesses that meet certain criteria based on their annual sales or number of full-time employees which for the manufacturing sector must be sales turnover RM50 million or few, or not less than 200 full-time employees. Meanwhile for services and other sectors, sales need to have RM20 million and below or 75 full-time employees or fewer. The digital global economy allows small businesses to grow into newer markets. These businesses face high running costs while market access and marketing tools remain limited. Digital platforms such as Shopee, TikTok, and Lazada, which are scalable and affordable for SMEs, help them gain more customers and raise publicity for their brands. These tools provide a lead to small businesses in making effective decisions related to pricing, products, and customer interaction by providing real-time analytics of consumers.

Digital platforms facilitate the ability of the owners of small businesses to alter their operations promptly due to changing trends of customers, decreasing entry costs, increasing speed in entering markets, and flexible entities. This research targets an understanding of how digital platforms have empowered small and medium enterprises in solving challenges, acquiring more customers, and coming up with competitive marketing plans that will enable their growth within a digital economy.

Problem Statement

Although small and medium-sized businesses (SMEs) play a crucial role in any developing economy, they face high costs, limited promotional chances, and limited distribution networks when they enter new markets (Richter, 2024). Competition with large companies is quite challenging for small businesses since entering a market by traditional methods is often expensive and not flexible. But today, social media and other sites like Shopee, TikTok and Instagram offer inexpensive tools to the markets which help management meet customers' demand and increase brand marketing and streamline logistics systems (Stasiak, 2024). These platforms help small businesses to quickly and cheaply reach both local and global markets by utilising data-driven insights to target specific markets more effectively (Henric Johansson, 2020). Moreover, SMEs can use digital platforms to improve their entry strategies and compete better in the digital world.

Research Objectives

Research Objective 1:
To examine the role of digital platforms in mitigating market entry barriers for SMEs.
Research Objective 2:
To assess the influence of digital platforms on customer acquisition strategies for SMEs.
Research Objective 3:
To explore the contribution of digital platforms to competitive marketing strategies in SMEs.

Research Questions

Research Question 1:
How do digital platforms reduce or eliminate market entry barriers for SMEs?
Research Question 2:
Which digital tools or platforms are most effective in improving customer acquisition for SMEs?
Research Question 3:
How do SMEs use digital platforms to inform data-driven marketing strategies?

Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

Literature Review

Overcoming Market Entry Barriers and Financial Barriers through Digital Platforms

The Chief Minister of Selangor, Dato' Seri Amirudin Shari (2024) said that with the advancement of technology, social media platforms such as Shopee and TikTok have been established which made it much easier for small and medium businesses (SMEs) to cut costs and enter the market industry in Malaysia. Businesses might avoid paying for rent, electricity, and upkeep by using these platforms instead of opening a physical store (Richter, 2024). Businesses can instead use online platforms to sell their goods. They also provide adjustable payment plans, like an affordable monthly charge. This adaptability enables SMEs to launch their own businesses without requiring a large initial investment.

These platforms not only save money, but they also offer practical solutions that simplify corporate management. Stasiak (2024) stated SMEs can employ delivery services to convey goods straight to customers, sales tracking to keep an eye on performance, and advertising tools to market their goods. These services assist SMEs in improving business management without spending higher expenses. By cutting expenses and offering these resources, Shopee and Lazada assist small businesses in overcoming financial obstacles and expanding their clientele. They make it possible for SMEs to thrive in the market and compete with bigger firms. This gives small enterprises greater chances to expand and prosper.

Enhancing Customer Acquisition through Digital Platforms

Improved Targeting

Platforms like TikTok, Instagram, Facebook, and LinkedIn have transformed advertising by using user behavior data to help businesses target specific groups effectively (Statista, 2024). These platforms analyze user interactions, interests, and demographics, allowing small and medium enterprises (SMEs) to reach people most likely to buy their products (Chaffey, 2020). This targeted approach is especially valuable for SMEs with limited budgets as it avoids wasting money on broad, untargeted ads. For instance, a business selling supplement products can target users interested in beauty and health to ensure their advertisements are relevant and might attract people. According to Kemp (2016), social media has over 2 billion users which an owner must collect and analyze data to understand customer behavior, preferences, demographics, interests and trends. It allows SMEs to make informed decisions and tailor their marketing efforts to target specific audiences effectively. There are many types of tools that can be used to obtain data, such as Google Analytics (Calvin, et. al., 2024, Ewim, 2023, Kotter, 1996, Nnaji, et. al., 2024). Real-time data insights help SMEs refine their strategies and improve results over time.

Customer Engagement

A key component of creating a successful business, particularly for small and medium-sized businesses (SMEs) is customer engagement (Brodie et al., 2011). Features on digital platforms enable small and medium-sized businesses to communicate with their clients directly, personalizing, and deepening interactions (Kumar & Reinartz, 2016). For instance, TikTok enables businesses to use live-streaming to sell their goods, answer customer questions directly, and conduct product demonstrations. This will help customers to know more about the brand. Similarly, Lazada enables brands to build a more personal shopping experience. They may design their online store, make product recommendations, or provide exclusive offers according to each customer's preferences. Hwang (2021) states that these features make shopping easier

Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

and enjoyable without going out to the mall and encouraging customers to make a purchase through social media. These engagement features not just increase sales but they also help SMEs make regular customers who will support their business in the long term (Brodie et al., 2013).

Developing Competitive Marketing Strategies through Digital Platforms

Content Strategies

SMEs may effectively expand their brand and engage with customers on digital platforms such as Instagram and TikTok by using content strategies including influencer collaborations and user-generated content (UGC). User-generated content (UGC) is when consumers share their experiences using a product or service on websites or apps by uploading images, videos, even reviews (Sharma, 2024). It serves as free advertising and increases potential clients' trust when SMEs support and distribute this content. As people perceive them as genuine and unbiased, they are more likely to believe the comments of other consumers than traditional advertisements.

By working with people who have a huge and active following, influencer partnerships expand on this idea, which can boost the brand awareness and enhance the brand credibility (Hashaw, 2019). Influencers can naturally present SMEs' products to their followers by providing reviews, advice, or exclusive content (Jin, Muqaddam, & Ryu, 2019). As a result, engagement such as likes, comments, and shares would help SMEs gauge the level of audience engagement with their content (Anjorin, Raji & Olodo, 2024).

Theoretical Underpinnings

Transaction Cost Economics (TCE), [Macher and Richman, 2008]

Transaction Cost Economics (TCE) holds that firm select governance structures that minimize the costs to make economic exchanges such as searching, negotiation, monitoring, and enforcement (Williamson, 1985). For small and medium enterprises (SMEs) with foreign market entry, conventional methods such as foreign direct investment (FDI) or joint ventures may be associated with high transaction costs that stem from compliance, coordination, and information dissemination. The cost of digitization in this area is lowered significantly - standardizing and automating numerous transactional activities. They offer trust-assurance mechanisms, including customer feedback, rating systems, escrow service, and dispute resolution that help reduce uncertainty and increase credibility (Bakos, 1997; Pavlou, 2002). Through low-cost and low-risk transactions, digital platforms have removed the need for SMEs to develop legal structures or physical operations in foreign markets as they internationalize. Thus, TCE provides a rationale for the preference of SMEs in using platforms for market entry because platforms are good intermediaries that help to reduce opportunity costs of cross-border transactions (Rindfleisch & Heide, 1997). This has made it easier and more sustainable for SMEs with limited resources to expand globally.

Resource-Based View (RBV), [Barney, 1991]

The Resource-Based View (RBV) assumes that organizations achieve competitive advantages based on their ability to have and to use effectively resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In the case of SMEs, internal factors (e.g. lack of capital, skilled workers, and technological infrastructure) frequently impede internationalisation. Digital platforms mitigate against these drawbacks because the platform's infrastructure is

Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

available to the participants as complementary assets which include logistics services, payment security, customer records and digital marketing instruments (Zahra et al. 2006). SMEs can focus on what they do best such as product development and manufacturing while outsourcing non-core activities to the platforms. Furthermore, SMEs can turn platform engagement into a dynamic capability: the ability to use analytics, advertising tools, and customer management systems to upgrade their strategic position (Teece, Pisano & Shuen, 1997). These digital skills then become an asset to help a company succeed. Therefore, RBV illustrates how SMEs offset internal resource limitations by accessing external digital resources and developing capabilities that support effective international market entry (Brouthers, Nakos, and Dimitratos, 2015).

Network Theory, [Katz & Shapiro, 1985]

According to network theory, organizations can achieve competitive advantages and entry into new markets through inter-firm relationships and embeddedness in the business networks (Granovetter, 1985; Gulati, 1998). Within the digital companies and SMEs environment, this theory describes how some of the networks such as Amazon, Etsy, and Alibaba act as central nodes in large networks. Such platforms offer SMEs the possibility to access worldwide customers, suppliers, logistics service providers, and service partners and be integrated into global value chains. Over the years, SMEs have found it challenging to develop solid international connections because of an absence of resources and geographical limitations. Digital platforms can address this problem by providing SMEs immediate access to existing global networks (Zeng & Glaister, 2018).

One of the characteristics of digital platforms is network externalities, that is the more users, the more valuable the platform which increases the market potential for SMEs with little marginal cost (Parker, Van Alstyne & Choudary, 2016). For example, a Kenyan craftsperson can sell to U.S. buyers via Etsy without having to invest in a distribution network; Etsy effectively supplies its network to Kenya so that it can be known worldwide. Thus, Network theory explains how digital embeddedness enables SMEs to circumvent traditional intermediaries, speed up internationalisation, and co-create value in digital ecosystems (Johanson and Vahlne, 2009).

Proposed Conceptual Framework

Figure 1: Proposed Conceptual Framework of the Role of Digital Platforms in Reshaping Market Entry Strategies For SME

Volume: 10 Issues: 62 [September, 2025] pp. 476 - 483
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.academicinspired.com/ijafb
DOI: 10.55573/ IJAFB.106239

Thus, from the above-mentioned relationship, the hypotheses for this study can be derived as follow:

H1: There is a significant relationship between overcoming market entry barriers and the role of digital platforms in reshaping market entry strategies for SME

H2: There is a significant relationship between enhancing customer acquisition and the role of digital platforms in reshaping market entry strategies for SME

H3: There is a significant relationship between developing competitive marketing strategies and the role of digital platforms in reshaping market entry strategies for SME

Discussion

Considering that digital platforms succeed in overcoming conventional barriers such as high costs and restricted reach, they become very important in enabling SMEs to break into new markets. Social media, e-commerce websites, and digital advertising tools allow SMEs to reach more consumers at a low cost and create awareness among their target consumers. Katz and Shapiro (1985) state that network externalities provide an answer for the growing importance of platforms with each incoming participant. By utilizing access to the existing audiences of more established platforms, this renders the model most efficient for achieving business success without large upfront investments.

Websites and applications will provide data-driven determination of consumer preference and lead SMEs through necessary adjustments. They handle marketing, analytics and customer engagement in ways that drive revenue and build loyalty. However, a number of such startups face issues with financial resources and technological knowledge. In this way, policymakers and stakeholders would play a hands-on role toward aiding SMEs achieve such success on these digital platforms through financial assistance, training, and digital tools. Given the right way forward, SMEs should be able to conquer these challenges, expand their market, and secure that competitive edge in the present digital economy.

Conclusion

Digital platforms provide SMEs with affordable tools to grow and compete in new markets by reducing barriers like high costs and limited visibility. Platforms like social media such as Instagram, Shopee, Tiktok and LinkedIn enable SMEs to connect with larger audiences, build strong brand identities, and engage effectively with customers. With the help of such platforms, both domestic and international market access becomes easy for SMEs which can thus respond very quickly to the fluctuate demands of consumers. Analytics and other digital tools are significant in helping SMEs have insights into their plans and a better approach to reaching their customers.

However, in the case of SMEs the lack of funding, technological know-how, and relevance in skills means that these entities cannot optimally benefit from such digital technologies. Such challenges are ideally solved with external support through organizations and governments in the form of loan disbursement, mentorship programs, and skills and training. Given the right strategies and support, SMEs can optimally exploit digital platforms for growth that allow them continued competitiveness in a rapidly changing digital marketplace.

Acknowledgements

We would like to express our sincere gratitude to our supervisor, Associate Professor Dr. Phang Yook Ngor, for her valuable guidance and support throughout the research process. Her expertise and insights were invaluable in shaping our research and helping us to overcome challenges.

References

Anjorin, K. F., Raji, M. A., & Olodo, H. B. (2024). A review of strategic decision-making in marketing through big data and analytics. Computer Science & IT Research Journal, 5(5), 1126–1144. https://doi.org/10.51594/csitrj.v5i5.1139

Bakos, Y. (1997). Reducing buyer search costs: Implications for electronic marketplaces. Management Science, 43(12), 1676–1692.

Barney, J. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120.

Brodie, R. J., Hollebeek, L. D., Jurić, B., & Ilić, A. (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. Journal of Service Research, 14(3), 252–271. https://doi.org/10.1177/1094670511411703

Brodie, R. J., Ilic, A., Juric, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand community: An exploratory analysis. Journal of Business Research, 66(1), 105–114. https://doi.org/10.1016/j.jbusres.2011.07.029

Brouthers, L. E., Nakos, G., & Dimitratos, P. (2015). SME entrepreneurial orientation, international performance, and the moderating role of strategic alliances. Entrepreneurship Theory and Practice, 39(5), 1161–1187.

Calvin, A., James, B., & Lee, C. (2024). Innovation strategies in SMEs: A modern approach. Journal of Business Innovation, 18(2), 101–117

Chaffey, D. (2020, January 6). 6 essential marketing trends for 2020. Smart Insights. https://www.smartinsights.com/managing-digital-marketing/marketing-innovation/6-essential-marketing-trends-for-2020/

Ewim, D. R. (2023). Digital transformation and SME competitiveness in emerging markets. International Journal of SME Research, 12(3), 44–59.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. American Journal of Sociology, 91(3), 481–510.

Gulati, R. (1998). Alliances and networks. Strategic Management Journal, 19(4), 293–317.

Hashaw. (2019, March 29). The effect of celebrities in advertisements. Chron.com. https://smallbusiness.chron.com/effect-celebrities-advertisements-56821.html

Hwang, Y. (2021). The impact of social commerce platform features on user purchase intention: The mediating role of trust and satisfaction. Journal of Retailing and Consumer Services, 59, 102345. https://doi.org/10.1016/j.jretconser.2020.102345

Jin, S. V., Muqaddam, A., & Ryu, E. (2019). Instafamous and Social Media Influencer Marketing. Marketing Intelligence & Planning, 37(5), 567–579. https://doi.org/10.1108/MIP-09-2018-0375

Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. Journal of International Business Studies, 40(9), 1411–1431.

Kemp, S. (2016, January 27). Digital in 2016: We Are Social's compendium of global digital, social, and mobile data. We Are Social. https://wearesocial.com/blog/2016/01/digital-in-2016/

Kotter, J. P. (1996). Leading change. Harvard Business School Press.

Nnaji, M., Okafor, T., & Bello, S. (2024). Technology adoption and growth of SMEs in Sub-Saharan Africa. African Journal of Business Development, 9(1), 75–92

Parker, G. G., Van Alstyne, M. W., & Choudary, S. P. (2016). Platform revolution: How networked markets are transforming the economy. W. W. Norton & Company.

Pavlou, P. A. (2002). Institution-based trust in interorganizational exchange relationships: The role of online B2B marketplaces. Information Systems Research, 13(4), 361–375.

Rindfleisch, A., & Heide, J. B. (1997). Transaction cost analysis: Past, present, and future applications. Journal of Marketing, 61(4), 30–54.

Richter, F.-J. (2024, October 30). Developing ESG beyond urban conurbations. Horasis. https://horasis.org/developing-esg-beyond-urban-conurbations/

Sharma, A. (2024, May 23). User-Generated Content in Marketing: Strategies and Benefits | Content Whale. Content Whale. https://content-whale.com/blog/user-generated-content-in-marketing/

Stasiak, A. (2024, May 24). The basics of user experience (UX) design: A practical guide. Startup House. https://startup-house.com/blog/basics-user-experience-ux-design-guide

Statista. (2024). Social media platforms used by marketers worldwide 2023. Statista. https://www.statista.com/statistics/259379/social-media-platforms-used-by-marketers-worldwide

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. Strategic Management Journal, 18(7), 509–533.

Williamson, O. E. (1985). The economic institutions of capitalism. Free Press.

Zahra, S. A., Sapienza, H. J., & Davidsson, P. (2006). Entrepreneurship and dynamic capabilities: A review, model and research agenda. Journal of Management Studies, 43(4), 917–955.

Zeng, J., & Glaister, K. W. (2018). Value creation in international ventures: An embeddedness perspective. International Business Review, 27(2), 337–349.