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### Marketing 4.0 for Hospitality: Building Competitive Tourism Smes in Pakistan's Digital Age

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## Abstract

This study investigates into Digital Marketing Capability (DMC) and its influence on the performance of tourism accommodation SMEs in emerging markets in Pakistan particularly in Karachi, Lahore, and Hunza. Recognizing that digital marketing technologies are widely available, the focus shifts from mere adoption to effective utilization to gain competitive advantage and enhance business performance. The research follows a quantitative approach using online surveys to validate theoretical models. Key findings reveal that building DMC requires an amalgamation of human, business, and technological resources, and that DMC not only impacts non-financial performance directly but also indirectly enhances it through improved branding capability. Furthermore, DMC boosts customer engagement and service innovation, which in turn reinforce brand positioning and contribute to non-financial performance. This study not only expands the understanding of DMC in the tourism sector of emerging markets but also offers practical strategies for SMEs to leverage digital marketing effectively to boost their performance.

**Keywords:** Digital marketing capability, Resource-based view, Business resource, tourism SMEs' performance, Human Resource, Digital Marketing Technology.

## Introduction

The contribution of Information and Communication Technologies (ICT) towards the growth of the tourism and hospitality sector has been so massive in light of digital marketing, which is currently a basic strategy for business connectivity and competitive advantage (Law et al., 2014). Specifically, in terms of economic growth, tourism plays an important role in which most of the small and medium-sized enterprises (SMEs) in tourism are suffering from how to implement effective digital marketing (Seow et al., 2021). According to Alnajim, 2023, such is more evident in developing countries where digital marketing adoption is low. While the tourism sector of Pakistan is developing and sustaining cities such as Karachi, Lahore, and Hunza are evolving; however, small and medium enterprises are struggling due to fierce competition and going for strong digital marketing strategies to keep the competition alive (Pakistan Tourism Development Corporation, 2022, Ahmed et al., 2023).

Pakistan has a developed infrastructure and a rich cultural heritage, and the sector is economically important for the country, with strong government support and in key destinations (Hussain et al., 2024). Even though this growth still exists, SMEs face some difficulties, such as the greater influence of the larger chains and fast-moving technological

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changes that force them to meet these emerging digital marketing paradigms (Anser et al., 2020). There is a dearth of research regarding how SMEs in this sector can successfully acquire and improve their digital marketing capabilities to raise the performance of their business.

The available digital marketing technologies used by Karachi tourism accommodation SMEs and the ones in Lahore and Hunza because of insufficient IT skills, the lack of managerial support, and high adoption costs (Bashir et al., 2024). Consequently, this ineffective use leads to poor business performance and low competitiveness, restraining them from drawing in new customers, improving the brand presence, and increasing revenue. The contributions of this study are to investigate these challenges and to discover actionable strategies to enhance digital marketing capabilities and accelerate growth in the competitive tourism industry.

The contributions of this study are theoretical as well, because it provides a nuanced framework that integrates resource-based view (RBV). It will help to understand how digital marketing can be utilized as a strategic asset for improving the digital marketing capabilities and how SMEs can put digital tools to use in order to create a competitive advantage in the emerging economies (Apasrawirote, et al., 2022). Moreover, this research is expected to provide academic and practical insights for policymakers, policy researchers, and industry stakeholders, as well as business owners, in the development of the tourism accommodation sector.

Digital marketing happens to be the fundamental tool of tourism and hospitality by which they can achieve competitive strength and engage their customers in the dynamic world (Balatska et al., 2022). Small and medium-sized enterprises (SMEs) must effectively utilize digital marketing technologies to survive and thrive in the increasingly digital marketplace (Wibowo et al., 2022). In this paper the role of technological, human, and business resources is explored as the integral resources required for developing digital marketing capabilities in tourism accommodation SMEs.

## **Digital Marketing Technology Resources**

Digital marketing technology resources include the tools and technologies that allow users to communicate, transact, and trade digitally in the online environment known as e-marketing technologies, cloud computing, and analytics (Aghazadeh et al., 2024). Trade the marketing functions (Ivanov, 2019), E-commerce (Khan, 2023) has an impact on digital marketing

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capabilities.

H1: Digital marketing technology resources have a positive effect on tourism accommodation SMEs' digital marketing capability.

## **Human Resources**

Human resources represent the organisation's know-how and skills in digital marketing initiatives (Glich & Sieweke, 2021). The human resources in this research consist of top executive support, organisational culture support, and employee skills (Al Alawi et al., 2023). Top executive support refers to managers committing to the new technology, providing visionary leadership, and articulating the need for the technology across the organization (Manda & Abidin, 2023). Managers' support, entrepreneurial orientation, and staff skills have also been determined to affect the intensity of using social media (Anim et al., 2024), e-business (Nasution et al., 2021) and digitalization capability (Kraus et al., 2023). Moreover, human resources must be combined with digital marketing technology resources to form e-marketing capability.

H2: Human resources positively effects the tourism accommodation SMEs' digital marketing capability.

## **Business Resources**

Business resources refer to management's plan to integrate a new capability into the overall business process (Nikkah & Jarmuzi, 2022). Human resource factors such as strong leadership focus and skilled employees can play a crucial role in shaping a firm's digital marketing capabilities by enhancing its business resource base (Elia et al., 2021). According to Kraugusteeliana (2024) Strategic HR planning has been shown to influence broader organizational objectives. In the context of technology-driven industries, Dyer (1983) highlight that leadership support is vital for the successful execution of manufacturing strategies. Organizations with advanced human IT capabilities, tend to achieve stronger integration between IT initiatives and business planning.

H3: Business resources positively effect on the tourism accommodation SMEs digital marketing capability

## **Digital Marketing Capabilities**

Digital marketing capability (DMC) is a crucial yet underexplored concept in tourism SMEs. While extensively studied in industry marketing research, its application in this sector remains limited. According to resource-based theory, digital marketing resources are tangible

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or intangible assets a firm owns, controls, or has access to (Al Najim, 2023). DMC refers to a firm's ability to develop and implement digital marketing strategies through processes, structures, and skills (Apasrawirote et al., 2022) the B2B sector, DMC involves performing coordinated digital tasks, utilizing digital resources to gain a competitive advantage (Zhu et al., 2022). Similarly, internet and e-commerce marketing capabilities emphasize integrating strategic marketing with information systems to enhance market offerings and achieve superior performance (Zhao et al., 2023)-

Francis (2024) introduces digital marketing model for tourism and hospitality, incorporating digital marketing capability, engagement value, customer equity, and marketing performance. Meriläinen (2017) was among the first to explore digital marketing capability in tourism SMEs (Deb et al., 2024),

Digital marketing capability (DMC) within tourism accommodation SMEs is explored using theory, resource-based view (RBV) (Al Koliby et al., 2024) in this study. Concurrent to that, while RBV Theory focus on a firm's ability to adapt and reconfigure resources, this is important for a firm to have an agility to build upon and leverage digital innovations. Based on the establishment of these theories, their totality influences the development of DMC. Bringing these ideas together shows that having a strategic market focus and flexible skills are key to boosting digital marketing success in the competitive tourism industry.

## **Methodology**

### **Research Methodology**

The selection of a research approach necessitates consideration of four fundamental elements: philosophical assumptions, theoretical stance, methodology, and methods (Creswell & Clark, 2017). This study is intended to determine the relationship between DMC and its antecedent for tourism accommodation SME firms of Pakistan by a quantitative approach.

With respect to the philosophical framework for this research, this is a refinement of positivism. This study will explore the relationships between the antecedents and quantitative aspect of digital marketing capability (DMC) and the effect on DMC. This has been realized through an approach of surveying SMEs following the design of a questionnaire that can systematically capture standardized data from a large number of SMEs.

Data were captured using a cross-sectional survey design aimed at capturing data at one point in time based on the premise that this will provide a snapshot of the practices of DMC and their impact on performance as the main model was analyzed using regression

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analysis. In terms of the data collection method, an online survey was used, which was administered through Google form, thus making sure that the broad reach of the surveys among the selected regions could be achieved through an online survey.

The paper particularly deals with small and medium-sized tourism accommodation enterprises in Pakistan, specifically Karachi, Lahore and Hunza. The population of research was identified by means of data from tour operators as well as other means of booking apps. The sampling method used was stratified.

Data was collected regarding digital marketing practices from SMEs operating within Pakistan's tourism accommodation industries through the utilization of a structured approach. We first tailored an existing validated questionnaire to more precisely and clearly fit the study's context to the target audience. The adapted questionnaire was assessed (Pijls et al., 2017) by a panel of experts in digital marketing and tourism in order to refine content and structure for clarity and relevance. After the experts reviewed it, a small test was done with a few SMEs to find any issues with how the questions were understood and how the survey worked, and changes were made based on their feedback. A refined questionnaire based on the first research phase was subsequently sent online to a larger sample of tourism accommodation SMEs in Pakistan for data collection and response through online mode, ensuring reasonably quick data collection and also providing the respondents at ease as they could access the questionnaire anyhow.

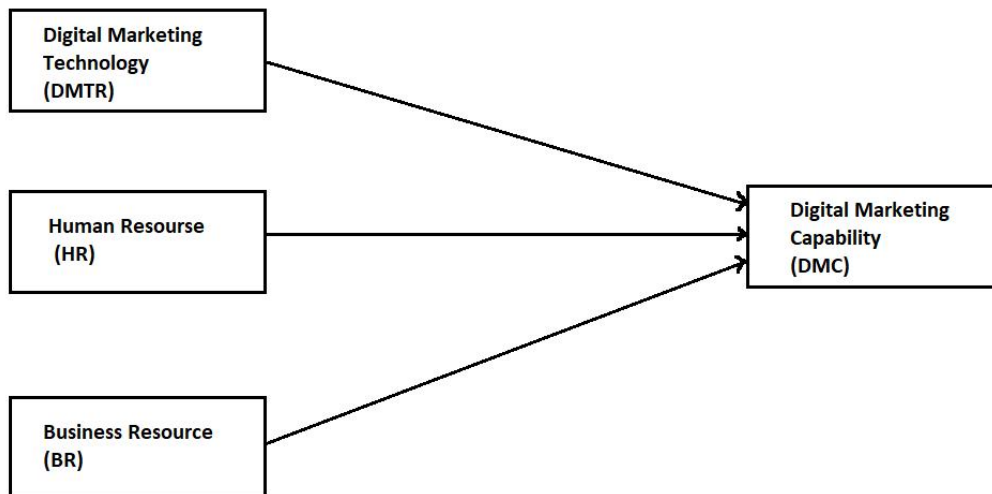
Given its robustness in small sample size and exploratory research, PLS-SEM was used to perform the study. After employing eight (8) stages of analysis (Hair et al., 2021), which are analysis of principle criterion, focused strategy, construct operationalization, assessment of suitability of variables, measurement model evaluation, chain analysis, and estimation of hypotheses, the Smart PLS software is used.

All research followed ethical guidelines. Informed consent and confidentiality as well as voluntary participation were provided by all participants.

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The data preparation process followed a structured approach, beginning with data collection through an online survey administered via Google Forms. The target population included only hospitality establishments with fewer than 150 employees and not part of any national or international chains. Furthermore, only responses from owners or managers of these establishments were considered valid. Respondents who did not meet these criteria were automatically screened out and could not proceed with the rest of the survey.

The survey link was sent to 1,040 potential participants. Of these, 370 accessed the questionnaire, and 291 met the sampling criteria and completed it. During data entry and screening, the dataset was checked for missing values, and no cases were found to have incomplete data

## Measurement Model Validity

### Content Validity of Measurement

This study utilized a reflective measurement model, evaluated through confirmatory composite analysis (CCA). The assessment focused on reliability at both the indicator level (indicator reliability) and the construct level (internal consistency reliability) (Hair et al., 2021). Additionally, validity was examined through convergent validity, measured using average variance extracted (AVE), and discriminant validity, assessed by comparing all constructs based on the heterotrait-monotrait (HTMT) ratio of correlation.

### Indicator Reliability

According to Hair et al. (2021), an indicator's standardised outer loadings should be 0.708 or above since that number squared equals 0.5. It means that the latent variable explains at least 50% of each indicator's variance. Indicators with very low outer loading (below 0.4) should



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always be eliminated from the construct.

The evaluation of factor loadings is essential for assessing the reliability of measurement items. A widely accepted threshold for outer loadings is 0.70 or higher, indicating strong item reliability. Loadings between 0.60 and 0.70 are considered acceptable in exploratory research but may require further validation, while loadings below 0.60 suggest weak representation and may need to be reconsidered or removed.

For business resources (BR), all items demonstrate strong loadings ranging from 0.612 to 0.903. However, BR2 (0.612) is slightly below the 0.70 threshold, indicating weaker representation, though it may still be retained depending on composite reliability and AVE. Digital marketing capability (DMC) shows that DMC1 (0.666) and DMC11 (0.601) have relatively low loadings, suggesting a weaker contribution to the construct. However, other DMC items, including DMC10, DMC12, DMC13, DMC4, DMC5, DMC8, and DMC9, exhibit acceptable to strong loadings between 0.702 and 0.803, ensuring good construct reliability.

For digital marketing technology resources (DMTR), most items display strong loadings ranging from 0.702 to 0.902, supporting good reliability. However, DMTR2 (0.681) is slightly below the ideal threshold but remains within an acceptable range. Human resources (HR) show mixed results, with HR10 (0.755), HR12 (0.639), and HR7 (0.723) having moderate loadings, where HR12 falls below the 0.70 threshold. Other HR items, with loadings ranging from 0.729 to 0.832, indicate reliable measurement.

To improve the model, it is recommended to remove items with loadings below 0.60 (e.g., DMC11 and HR12) to enhance construct reliability. Items with loadings between 0.60 and 0.70 (e.g., BR2, DMC1, DMTR2, HR10, HR7) may be retained if composite reliability (CR) and average variance extracted (AVE) remain within acceptable levels. Conducting an AVE and composite reliability analysis is necessary to further assess construct validity. Additionally, checking discriminant validity using the HTMT ratio will ensure that constructs remain distinct and do not overlap conceptually.

The results indicate all Cronbach's alpha values exceed 0.87, confirming high internal consistency. Additionally, composite reliability ( $\rho_a$  and  $\rho_c$ ) values are above 0.90 for all constructs, reinforcing the robustness of the measurement model. In terms of convergent validity, AVE values for BR (0.659), DMTR (0.629), and HR (0.585) surpass the recommended 0.50 threshold, ensuring that these constructs effectively explain the variance



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of their indicators. While DMC has a slightly lower AVE (0.526), it remains within the acceptable range. Given these findings, the measurement model demonstrates strong reliability and adequate convergent validity, supporting its suitability for further analysis.

**Table 1: Construct's Reliability of the Initial Model of DMC and Antecedents**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BR	0.87	0.902	0.905	0.659
DMC	0.887	0.901	0.908	0.526
DMTR	0.925	0.929	0.938	0.629
HR	0.935	0.939	0.944	0.585

## Assessing the Discriminant Validity

Discriminant validity refers to the degree to which a construct is empirically distinct from other constructs in a given model. Establishing discriminant validity ensures that each construct is unique and captures aspects that are not represented by other variables. Traditionally, researchers have used the Fornell-Larcker criterion to assess discriminant validity. However, recent studies have raised concerns about its effectiveness (Afthanorhan et al., 2021; Hair et al., 2021). A similar method involves evaluating cross-loadings, where an indicator's loading on its designated construct should be higher than its loadings on other constructs (Hair et al., 2022).

A threshold of 0.90 indicates that the constructs are not distinct, while a more conservative cutoff of 0.85 is used for models requiring greater distinction between constructs. This method provides a more precise evaluation of discriminant validity compared to traditional techniques.

Based on the HTMT matrix, the results demonstrate that all constructs meet the discriminant validity criteria. The correlation between business resources (BR) and digital marketing capability (DMC) is 0.649, which is well below the 0.85 threshold, confirming clear differentiation. Similarly, BR and digital marketing technology resources (DMTR) show a correlation of 0.421, further supporting distinctiveness. However, the correlation between BR and human resources (HR) is 0.840, which is close to the 0.85 threshold but still within an acceptable range. DMC also shows adequate discriminant validity with DMTR (0.636)

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and HR (0.701), both values being below the threshold. The lowest correlation is between DMTR and HR at 0.579, indicating strong separation between these constructs.

**Table 2:** *HTMT Analysis*

	BR	DMC	DMTR	HR
BR				
DMC	0.649			
DMTR	0.421	0.636		
HR	0.840	0.701	0.579	

In the given Fornell-Larcker table, the diagonal values represent the square root of AVE for each construct, while the off-diagonal values indicate the correlations between constructs. The business resources (BR) construct has a square root of AVE of 0.812, which is higher than its correlations with digital marketing capability (DMC) at 0.612, digital marketing technology resources (DMTR) at 0.408, and human resources (HR) at 0.792. This confirms that BR meets the criteria for discriminant validity. Similarly, the DMC construct has a square root of AVE of 0.725, which is greater than its correlations with BR, DMTR, and HR, demonstrating adequate discriminant validity. The DMTR construct also shows a square root of AVE of 0.793, exceeding its correlations with BR, DMC, and HR, ensuring that it remains distinct from other constructs.

**Table 3:** *Fornell Lacker Criteria*

	BR	DMC	DMTR	HR
BR	0.812			
DMC	0.612	0.725		
DMTR	0.408	0.606	0.793	
HR	0.792	0.661	0.547	0.765

The PLS-SEM algorithm estimates structural model relationships by calculating path coefficients, which represent the hypothesized connections between constructs (Hair et al., 2022; Guenther et al., 2023). The structural model analysis confirms that business resources (BR), digital marketing technology resources (DMTR), and human resources (HR) significantly enhance digital marketing capability (DMC). Path coefficients, derived through PLS-SEM and bootstrapping with 5000 resamples, show strong relationships: BR to DMC ( $\beta = 0.261$ ,  $t = 3.264$ ,  $p = 0.001$ ), DMTR to DMC ( $\beta = 0.358$ ,  $t = 4.437$ ,  $p = 0.000$ ), and HR to

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DMC ( $\beta = 0.259$ ,  $t = 2.260$ ,  $p = 0.024$ ). DMTR exhibits the strongest impact, underscoring the critical role of technological resources in digital marketing efficiency.

While all three relationships are statistically significant ( $p < 0.05$ ), the study highlights that investing in digital tools and infrastructure should be a priority for improving DMC. Business and human resources also contribute positively, reinforcing the need for a balanced approach. The findings support all hypotheses, emphasizing that firms must integrate technology with strategic business planning and skilled human resources to enhance digital marketing effectiveness.

**Table 4:** *Bootstrap p Values in the Original Model of DMC and Antecedents*

Hypotheses		Beta Coefficient	S.D.	T statistics	P values	Decision
H1	BR -> DMC	0.261	0.080	3.264	0.001	Supported
H2	DMTR -> DMC	0.358	0.081	4.437	0.000	Supported
H2	HR -> DMC	0.259	0.114	2.260	0.024	Supported

*\*Relationship is significant at 0.05,  $t = 1.96$*

This study's  $R^2$  value for Digital Marketing Capability (DMC) was 0.547, with an adjusted  $R^2$  of 0.540, meaning 54.7% of DMC variance is explained by the predictors. Effect size ( $f^2$ ) analysis shows that Business Resources (BR) had a small effect ( $f^2 = 0.087$ ), Digital Marketing Technology Resources (DMTR) had a substantial effect ( $f^2 = 0.572$ ), while Human Resources (HR) had no effect ( $f^2 = 0.000$ ). These findings highlight the dominant role of DMTR in enhancing DMC. This can be seen in Table 11.

**Table 5:** *R2 of the Original Model of DMC and Antecedents*

	R-square	R-square adjusted
DMC	0.547	0.540

**Table 6:** *f2 values of the Original Model of DMC and Antecedents*

	F Square
BR -> DMC	0.087
DMTR -> DMC	0.572

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HR -> DMC

0.000

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The findings of this study align closely with the Resource-Based View (RBV) and Dynamic Capability Theory, confirming that digital marketing technology resources significantly impact digital marketing capability (DMC). The statistical analysis supports this assertion with a beta coefficient of 0.358, a t-value of 4.437, and a p-value of 0.000. These results highlight the critical role of advanced technological resources in enhancing marketing effectiveness and overall business performance. The study also underscores that DMC plays a pivotal role in improving business outcomes for tourism accommodation SMEs. A well-developed set of digital resources, combined with human expertise and strategic business planning, provides a competitive advantage and fosters higher levels of customer engagement. The reliability tests conducted for the measurement model indicate high internal consistency across all constructs, with Cronbach's alpha values exceeding 0.87. Specifically, DMC achieved an alpha value of 0.887, digital marketing technology resources (DMTR) recorded 0.925, business resources (BR) had 0.87, and human resources (HR) exhibited the highest reliability at 0.935. These values confirm that the scales used in the study are robust, valid, and suitable for measuring the intended constructs.

This study confirms that business resources are an important source used to augment the digital marketing capability. A beta coefficient of 0.261, a t-value of 3.264, and a p-value of 0.001 strongly support this relationship. The results also align with the Resource-Based View (RBV) and suggest the importance of strategic planning, IT integration, and digital transformation to form effective digital marketing capabilities. The results validate other research, such as the work by Powell and Dent-Micallef (1997) on the need for organizations to realign their IT strategies with their overall business objectives to exploit their potential.

A high Cronbach's alpha value of 0.87 and an average variance extracted (AVE) value of 0.659 demonstrated the reliability in the measurement of the businessness resources construct, indicating excellent internal and convergent validity. The bootstrapping results reiterate the importance of the business resources for the development of digital marketing capability. However, the effect size ( $f^2 = 0.087$ ) revealed that though business resources, as predicted, contribute to DMC, the extent of the business resource effect in DMC is relatively lower than the effect of digital marketing technology resources. This discovery suggests that technical infrastructure, IT-enabled assets, and other business resources have a more

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pronounced effect on building digital marketing capabilities compared to traditional business resources.

In addition, the study confirms that digital marketing technology resources are the main facilitator of digital marketing capability. The study aligns with previous research and literature reviews that consistently highlight the significance of IT infrastructure, human IT resources, and intangible IT-enabled assets in enhancing digital marketing performance. Empirical results indicate that such an effect is 0.358 with a  $t = 4.437$  ( $p = 0.000$ ) and an apparent effect size of 0.572. These findings suggest that digital marketing technology resources are the strongest predictors of DMC and therefore play a vital role in achieving better marketing effectiveness and gaining a competitive advantage.

The research findings affirm that the use of these technologies leads to a significant increase in both social media management and data analytics and digital marketing capabilities in the firms that have used them. Such technologies can be integrated into the business operations such that firms are able to come up with more personalized and more effective marketing campaigns that would result in greater customer satisfaction and loyalty. The reliability of the construct, digital marketing technology resources, is very high, being a Cronbach's alpha value of 0.925 and an average variance extracted (AVE) of 0.629. These values demonstrate the positive convergent validity of the construct and the ability of the construct to assess digital marketing capability in different capacities. Furthermore, the structural model analysis has a high  $R^2$  value of 0.547, which implies that digital marketing technology resources explain a significant part of the variance on DMC. These findings are bootstrapped, and bootstrapping results further validate them by confirming the model's robustness and reaffirming that investing in digital marketing technologies is crucial for improving business performance.

This study's second key finding is that human resources are crucial for developing digital marketing capability. The results of a beta coefficient of 0.259, a  $t$ -value of 2.260, and a  $p$ -value of 0.024 support this relationship. This information suggests that managerial support, employee skill development, and organizational culture play a part in how organizations are able to build digital marketing capability. After all, human capital also plays a role in acquiring digital competency, as evidenced in the previous research conducted by Trainor et al. (2011) and Eller et al. (2020). However, despite their importance, HR resources have a lesser impact on DMC than DMT resources.

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The effect size analysis backs this discrepancy up: the  $f^2$  for human resources is 0.000. However, this indicates that human capital is a necessary but not necessarily sufficient input for developing digital capabilities, and digital marketing technology resources have a stronger influence in that regard. The implications are that firms must make digital investment more important to them while, at the same time, training a workforce with the requisite skills and expertise to leverage the potential of these technological assets. Maintaining a balance between technological advancement and human resource development is crucial for the long-term sustainability of digital marketing.

The human resources construct is well established as being a reliable construct with a Cronbach's alpha value of 0.935,, which is excellent internal consistency. This analysis, using bootstrapping, shows that the confidence intervals for the effect of human resources on DMC are weaker, suggesting that while they play an important role in DMC, it is less significant than the role of technological resources. This is proof that firms must place a high importance on digital transformation tasks take measures to train the workforce in the use of digital tools. Overall, this study provides strong empirical support for the positive role of digital marketing capability in enhancing business performance across tourism accommodation SMEs. The results align with the fundamental theoretical assumptions of the Resource-Based View and Dynamic Capability Theory, which emphasize the importance of companies developing robust digital marketing capabilities to gain a competitive edge in the digital era.

The main results indicate that the DMC depends most on digital marketing technology resources, which play a critical role in increasing marketing effectiveness, the level of customer engagement, and competitiveness. The technological and business resources are important contributors to DMC, although the business ones play a smaller role than the other ones. Regardless of the company, strategic planning, IT integration, and digital transformation efforts continue to form an important part of the establishment of effective digital marketing capability.

Technological assets exert a much stronger influence on DMC, more so compared to human resources, although the latter is also important. Nevertheless, digital transformation is also dependent on a competent workforce, and firms need to go ahead and invest in a continuous employee training and development of their employees in order to maximize digital marketing.

The findings of this study emphasize the vital nature of digital marketing capability

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development for the SMEs, especially within the tourism accommodation sector. Advanced digital marketing technologies need to be invested in, IT strategies have to be aligned to business objectives, and a well-skilled workforce needs to be cultivated for sustainable digital marketing success. The study reveals that digital marketing capability (DMC) is primarily driven by digital marketing technology resources, which play a central role in enhancing marketing effectiveness, customer engagement, and the overall competitiveness of tourism accommodation SMEs. These resources such as IT infrastructure, digital tools, and intangible technology assets serve as the foundation for building strong digital marketing functions.

Business resources also contribute meaningfully to DMC by supporting strategic planning, IT alignment, and organizational readiness. While their impact is not as substantial as that of technological resources, they remain essential in providing structure and direction for digital initiatives. A combination of internal systems, processes, and organizational support strengthens a firm's ability to apply digital strategies effectively.

Human resources, including leadership support, employee skill sets, and a digital-friendly culture, were found to influence DMC as well. However, their independent impact is more limited compared to technology-related factors. Nonetheless, human capital acts as a vital enabler, facilitating the adoption and utilization of digital tools. A skilled and adaptable workforce enhances the return on digital investments.

Overall, the findings align with the Resource-Based View and Dynamic Capability Theory, highlighting that the integration of technology, business structures, and human talent is crucial for developing robust digital marketing capabilities. To gain a sustained competitive advantage, firms must strategically invest in digital transformation while simultaneously building internal expertise to support and maximize the potential of these technologies.

## **Limitation and Future Research**

While this study provides significant insights into digital transformation among tourism accommodation SMEs, it is limited by its cross-sectional design, which restricts the ability to observe changes over time. The study focused on a specific region of Pakistan, Karachi, Lahore and Hunza cities, limiting generalizability. Future research should adopt a longitudinal approach, include more diverse geographic locations, and examine the evolving impact of digital marketing capabilities over time. Moreover, this study treated Digital Marketing Capabilities as the dependent variable but did not explore its influence on broader business outcomes such as Service Innovation Capability, Customer Relationship Marketing



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Management, and Customer Engagement Capability. Future research should expand the model by incorporating these dependent variables to better understand how digital capabilities drive value creation. Larger sample sizes, multi-industry analysis, and more objective measurement tools would further enhance the robustness and applicability of future findings. The implications of this research are useful to business leaders who wish to upgrade their digital marketing competence and increase overall firm performance in a toughening competitive market environment.

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