Present but Passive: Digital Marketing Among Informal Micro-Enterprises in Lahore

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Most informal businesses in Lahore are online; almost none use digital marketing strategically.

Executive Summary

Digital tools have reached informal micro-enterprises in Lahore, but the depth of their use remains undocumented. This brief examines how intensively informal businesses use digital marketing and digital payments, and which owners are being excluded. It draws on an original survey of 29 informal micro-enterprises across three commercial areas of Lahore, covering clothing retail, tailoring, food stalls, and water and sanitary businesses. As a small, non-probability sample of 29 businesses in three markets, the survey characterises these specific commercial areas and identifies patterns worth testing at scale, rather than producing estimates that generalize to Lahore or Pakistan's informal sector.

While 38 percent of businesses surveyed market through social media, none of these has ever paid to promote a post, the typical adopter spends around twelve minutes a day on digital content, and no adopter reports gaining more than five customers through digital media. Adoption is also sharply stratified by education: no owner educated below Matric markets digitally, compared with half of those educated to Matric or above. Digital payment acceptance reaches 79 percent of businesses and shows no comparable education barrier.

Existing skills programmes remain poorly matched to these owners. PITB's e-Rozgaar, although now open to Matriculates and to the self-employed, is built around online freelancing and digital service export, and still excludes owners educated below Matric. This brief recommends that PITB, PSDF, and SBP reorient existing programmes toward informal micro-enterprise owners as a named beneficiary category, with practical, market-based digital-marketing training prioritised over connectivity support.

Introduction

Pakistan's informal economy is not a marginal phenomenon. Estimates of its size vary considerably with the method used, ranging from roughly 35 percent of GDP to as much as 59 percent,[1] while the Pakistan Bureau of Statistics reports that 72.1 percent of non-agricultural employment is informal.[2] Wholesale and retail trade is the single largest component of

[1] Islamabad Policy Research Institute, An Appraisal of Pakistan's Informal Economy: Causes, Patterns, and Socioeconomic Footprints (IPRI, 2025), https://ipripak.org/an-appraisal-of-pakistans-informal-economy-causes-patterns-and-socioeconomic-footprints/. IPRI derives its 59 percent estimate from Pakistan Bureau of Statistics Labour Force Survey and Pakistan Economic Survey data; lower estimates include the World Bank's 35.6 percent of GDP (PPP) for 2022 and the ILO's approximately 32 percent.

[2] Pakistan Bureau of Statistics, Labour Force Survey 2024-25 (Government of Pakistan, 2025), https://www.pbs.gov.pk/wp-content/uploads/2020/07/LFS-2024-25-Annual-Report.pdf. Figure refers to informal-sector

employment as a share of non-agricultural employment under the 13th ICLS definition (rural 75.5 percent, urban 68.3 percent). Under the broader 21st ICLS definition of total informality, the same survey reports 80.8 percent.

informal-sector employment, at approximately 45 percent.[3] These millions of unregistered micro-enterprises, including street-side food stalls, neighbourhood tailors, and small retailers, form the economy's largest employment base, yet they receive the least policy attention when it comes to digital transformation.

The infrastructure for digital adoption is already in place. With over 200 million cellular subscribers and broadband penetration exceeding 60 percent,[4] most businesses have access to the tools that digital marketing and payments require. Mobile finance services have expanded just as quickly; JazzCash and Easypaisa each report over 50 million registered users, though monthly active users number closer to twenty million apiece,[5] and the State Bank's Raast system moved close to 50 trillion rupees in 2025.[6] With the Prime Minister's Office now pushing full economic digitisation[7] and SMEDA placing digital adoption at the centre of SME policy, the assumption is that access is the main hurdle, and that once businesses are connected, digital benefits will follow.

Yet the existing research base has a significant blind spot. Studies of digital-marketing adoption and business performance in Pakistan have focused almost entirely on registered firms. A survey of 363 registered SME owners and managers, analysed through structural equation modelling, identified compatibility, owner support, employee IT skills, cost, government policy and social influence as the principal determinants of adoption.[8] A larger study of 381 Pakistani service-sector SMEs found that social-media adoption significantly improved firm performance, explaining roughly a fifth of the variance in reported sales, customer numbers and marketing costs.[9] Both, however, sample registered enterprises.

Research on Pakistan's informal enterprises exists but does not address digital tools. A survey of 300 informal micro-enterprises in Lahore examined the determinants of their level of informality,[10] and the Informal Economy Monitoring Study documented home-based workers in the same city,[11] yet neither includes any digital-marketing dimension. Internationally, a study of 150 street vendors in Tiruchirappalli, India, reported that younger and better-educated vendors

[3]Islamabad Policy Research Institute, An Appraisal of Pakistan's Informal Economy, derived from Pakistan Bureau of Statistics Labour Force Survey data.

[4]Pakistan Telecommunication Authority, Annual Report 2024-25 (Government of Pakistan, 2025), https://www.pta.gov.pk/category/annual-reports-1432096911-2023-05-30.

[5]Operator-reported figures: JazzCash reports over 53 million registered users and approximately 20.6 million monthly active users; Easypaisa reports over 50 million registered users and approximately 18.2 million monthly active users. These are company statements rather than independently audited counts. See State Bank of Pakistan, Annual Payment Systems Review FY 2024-25 (State Bank of Pakistan, 2025), https://www.sbp.org.pk/PS/PDF/Annual-Payment-Systems-Review-FY25.pdf. [6]State Bank of Pakistan, Financial Stability Review 2025 (State Bank of Pakistan, 2026). The Review reports Raast processing almost two billion transactions worth close to Rs 50 trillion during the year, with 48 million registered users. [7]Prime Minister's Office directive, August 2025, requiring retail outlets to obtain and display Raast QR codes by 31 August 2025; no standalone public notification was located. Cited in "Displaying Raast QR Codes at Retail Outlets by August 31 a Must," Business Recorder, August 7, 2025, https://www.brecorder.com/news/40376770.

[8]Ihsan Ullah et al., "Factors Affecting Digital Marketing Adoption in Pakistani Small and Medium Enterprises," Logistics 7, no. 3 (2023): 41, https://doi.org/10.3390/logistics7030041.

[9]Sikandar Ali Qalati et al., "Social Media and SMEs' Performance in Developing Countries: Effects of Technological-Organizational-Environmental Factors on the Adoption of Social Media," SAGE Open 12, no. 2 (2022): 1-13, https://doi.org/10.1177/21582440221094594.

[10]C. C. Williams, M. S. Shahid, and A. Martinez, "Determinants of the Level of Informality of Informal Micro-Enterprises: Some Evidence from the City of Lahore, Pakistan," World Development 84 (2016): 312-325, https://doi.org/10.1016/j.worlddev.2015.09.003.

[11]Bilal Naqeeb, Rubina Saigol, and Ume-Laila Azhar, Executive Summary - Informal Economy Monitoring Study: Home-based Workers in Lahore, Pakistan (WIEGO, 2014), https://www.wiego.org/wp-content/uploads/2019/09/IEMS-Lahore-HBW-Executive-Summary-English.pdf.

recorded higher customer engagement, although its own measure of digital-marketing intensity was not statistically significant.[12] No existing study appears to examine the intensity of digital-marketing adoption and its relationship to business performance among informal, unregistered micro-enterprises in Pakistan. Policy continues to discuss digitising small businesses without evidence from the businesses it means to reach.

This brief begins to close that gap. Using a primary survey of 29 informal micro-enterprises across three commercial areas of Lahore, it asks how deeply and effectively these businesses use digital tools, and who is being left behind.

Methodology

This brief draws on an original primary survey of informal micro-enterprises conducted across three commercial areas of Lahore: Karim Block, Township Market, and Johar Town. A stratified purposive (non-probability) sampling method was adopted, covering four sectors: clothing and apparel retail, tailoring, food stalls, and water-purification and sanitary businesses. The questionnaire recorded owner characteristics (age and education), business characteristics (business age, number of workers, customer volume, and average bill size), and detailed measures of digital engagement, including digital-marketing adoption, platforms used, posting frequency, time invested, paid promotion, self-reported customer acquisition, and digital-payment (JazzCash/Easypaisa) adoption.

These three markets and four sectors were chosen through a purposive, convenience-based approach rather than as a statistically representative group. Karim Block, Township Market and Johar Town are all well-established, high-footfall commercial clusters, allowing access to a range of active informal businesses. The four sectors span a deliberate range of business types: a visual, display-oriented trade (clothing and apparel), a service-and-order trade (tailoring), a low-margin high-turnover trade (food stalls), and a delivery-based trade (water and sanitary). This spread was intended to test whether digital behaviour varied across very different kinds of informal enterprise.

One business declined to answer the digital-payment question. All payment figures reported below are therefore based on the 28 businesses that responded, while digital-marketing figures use the full sample of 29. Denominators are stated throughout.

Because the key variables were categorical and cell counts were small, associations were assessed using Fisher's exact test and the Fisher–Freeman–Halton exact test, with the Kruskal–Wallis test used for group comparisons. In plain terms, these tests ask whether a pattern in the data, such as more educated owners being likelier to market digitally, is large enough that it is unlikely to have arisen by chance in the sample, rather than reflecting a real underlying difference. These non-parametric and exact methods were selected in preference to regression, which the sample size cannot support.

[12]Nagomi Joyce Lavanya D. and R. Sheeba, "Digital Marketing and Social-Media in Enhancing the Visibility of Street Vendors," International Journal for Multidisciplinary Research 7, no. 5 (2025): article IJFMR250559110, https://www.ijfmr.com/papers/2025/5/59110.pdf. This journal is not indexed in Scopus or Web of Science; the study is cited here as indicative only. Its own measure of digital-marketing intensity was not statistically significant across any grouping (all $p > .05$), and it did not test intensity against sales directly.

Due to time and logistical constraints, the methodology has clear limitations. First, the sample is a small non-probability sample of 29 businesses in three markets. Findings characterise these markets and may not generalise to Lahore or Pakistan's informal sector as a whole. Second, a number of respondents refused to disclose inventory and purchasing costs, preventing reliable reconstruction of net profit. This brief accordingly examines digital adoption and its intensity directly, rather than testing profit effects. Third, all measures are self-reported and subject to recall and social-desirability bias.

A further limitation concerns interpretation. This analysis identifies shallow digital use but cannot establish its cause, as the survey did not ask owners why they invest as little as they do. Distinguishing between limited awareness of achievable returns, limited capability, and a rational response to genuinely low returns would require follow-up qualitative interviews or a before-and-after study of businesses that increase their digital intensity. Hence, the analysis offers a well-evidenced diagnosis rather than a causal estimate.

Key Findings

A digitally present sector — on the surface

Digital tools have reached most of the businesses surveyed, but unevenly by type of tool. Twenty-two of the 28 businesses that answered the payment question (79 percent) accept digital payments through JazzCash or Easypaisa, while only 11 of all 29 (38 percent) use any digital platform for marketing. Sorting the 28 businesses that answered both questions by what they actually do, the largest single group uses payments but does no marketing at all (12 of 28); a further 10 do both, five use neither, and just one market without also accepting digital payments. Digital adoption in this sector is therefore not one behaviour but two, moving at different speeds.

A plausible explanation for this gap is the difference in skill and effort each tool requires. Accepting a digital payment costs almost nothing in skill or effort: the customer initiates the transfer, and the owner needs only an account and a phone. Digital marketing demands far more: deciding what to post, recording a photo or video, writing a caption, uploading it to the right platform, and paying to boost it. All these steps require the owner's own time, literacy, and confidence. This difference in effort, rather than access to smartphones, is the more likely reason one has spread so much faster than the other. This reading is reinforced by the education results below.

Payment adoption should also be read against provincial directives requiring businesses to display QR codes and accept digital payments,[13] which may partly account for its breadth. No comparable mandate or support structure exists for digital marketing.

[13]Government of Punjab directive to deputy commissioners, February 2026; no standalone public notification was located. Cited in "Punjab Introduces Mandatory Digital Payments for Various Businesses Including Petrol Pumps," ProPakistani, February 18, 2026, https://propakistani.pk/2026/02/18/punjab-introduces-mandatory-digital-payments-for-various-businesses-including-petrol-pumps/.

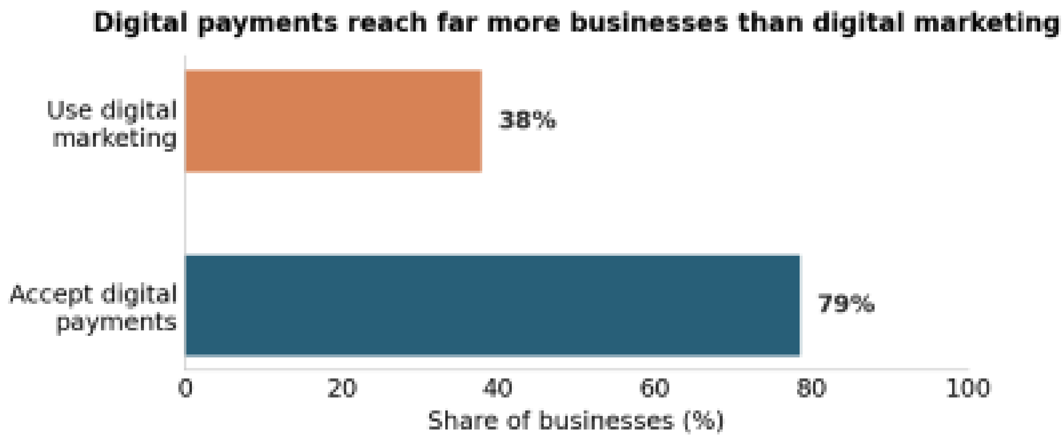

Figure 1.
Digital payments have spread to roughly twice as many businesses as digital marketing. Marketing n = 29; payments n = 28.

Presence without strategy

Where digital marketing exists, it is minimal. None of the 11 marketing adopters has ever paid to promote or boost a post. Among those who reported it, the typical adopter spends around twelve minutes a day on digital content, and none spends more than half an hour. Most maintain a presence on a single platform rather than several. TikTok is the most used platform (7 of 11), followed by Facebook (6), WhatsApp (4), and Instagram (3). Adopters themselves reported minor returns: not a single business reported gaining more than five customers through digital media, and roughly half reported two or fewer. On these self-reported measures, digital media appears to have had limited effect on customer acquisition.

Taken together, these patterns indicate that digital media is treated here as a casual, incidental presence rather than a deliberate business tool, which plausibly explains why its use shows no clear link to business performance. Supporting this interpretation, many owners reported posting videos on their personal accounts rather than maintaining separate business accounts.

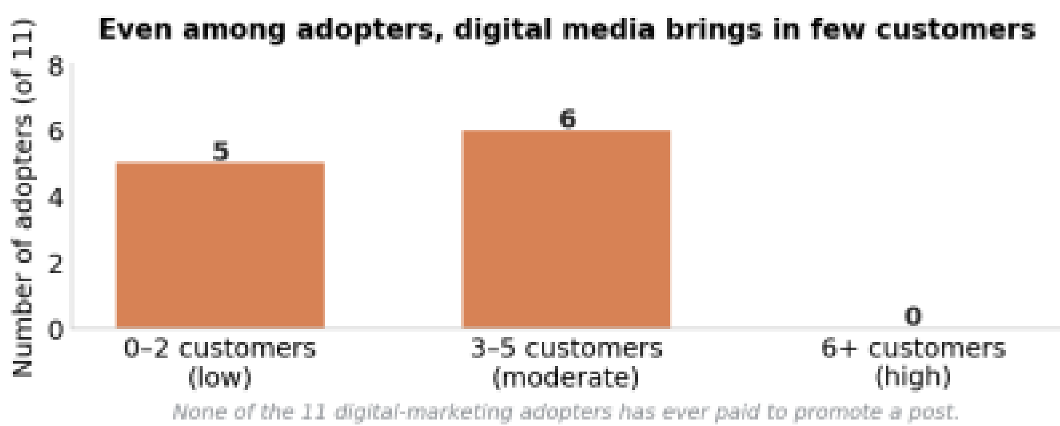

Figure 2.
Even among adopters, digital media brings in few customers, and none has ever paid to promote a post. Based on 11 digital-marketing adopters.

Education, not sector, shapes who markets digitally

Who adopts digital marketing is strongly determined by owner education. None of the seven owners with below-Matric education used digital marketing, compared with 11 of the 22 owners educated to Matric or above. This difference is unlikely to be due to chance (Fisher's exact, $p = .026$). Digital payments show no such barrier: three of the six below-Matric owners who answered the payment question accept digital payments (50 percent), compared with 19 of 22 owners at Matric or above (86 percent), a difference that is not statistically significant ($p = .091$). The contrast is the central result of this analysis. The same characteristic that gates digital marketing leaves digital payments largely untouched. This is consistent with the two tools placing very different demands on the owner: payments require little skill and are pulled along by customer demand, whereas marketing requires literacy, content skills, and time. It is important to note, however, that this education contrast should be read with care: the below-Matric group contains only six to seven owners, so although the exact tests used here are valid at these cell sizes, the finding rests on a small number of businesses and would need confirmation in a larger sample.

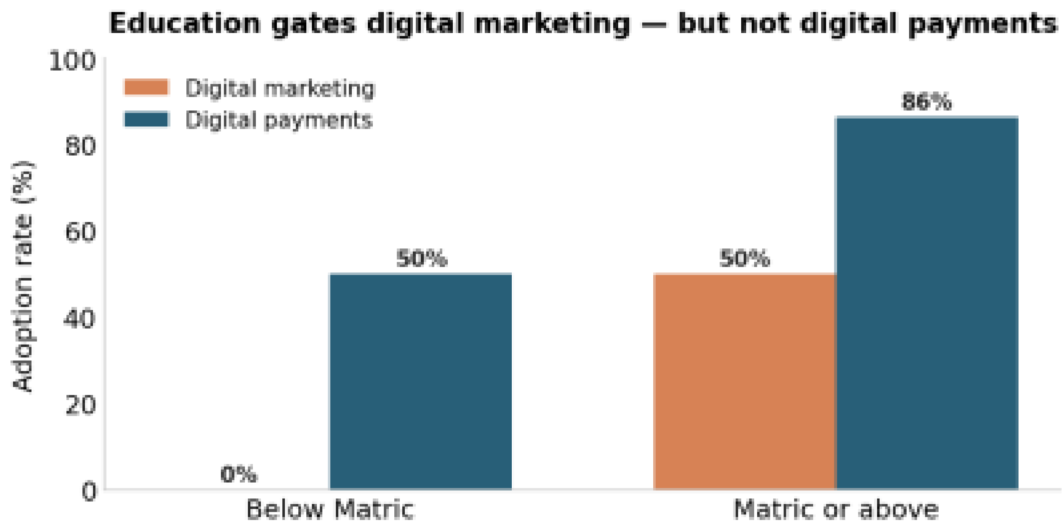

Figure 3.
Owner education sharply divides who markets digitally, but barely af ects who accepts digital payments. Marketing n = 29; payments n = 28 (below-Matric group n = 6).

Sector patterns are visible but not statistically reliable

Adoption also appears to vary by sector. Food stalls were uniformly absent from digital marketing (none of six), while clothing and water-filter businesses were the most active. However, with only 29 businesses these sector differences do not reach statistical significance (Fisher–Freeman–Halton, $p = .159$; platform variety across sectors, Kruskal–Wallis, $p = .214$). They are reported here as suggestive patterns rather than established effects. One possible explanation lies in the type of product sold: more visual products such as clothing and apparel are better suited to digital display, whereas food stalls may find digital media less useful because their product relies largely on physical presence and taste.

Recommendations

The evidence points to one conclusion: access is no longer the major hindrance to digital marketing adoption among informal micro-enterprises. The constraint lies in the capability and skill required to use these tools as a business asset. Existing programmes intended to address this problem are unable to reach the owners who need them most. The following actions are addressed to institutions whose current mandates already cover this work.

1. PITB: establish an e-Rozgaar shopkeeper track tailored to informal micro-enterprises

While PITB's updated e-Rozgaar 2.0 expanded eligibility to Matriculation and opened enrolment to self-employed individuals,[14] its curriculum and delivery remain designed for online freelancing and digital service export. It also continues to exclude micro-enterprise owners educated below Matric, a group that recorded zero digital-marketing adoption in this survey. PITB should introduce a dedicated, fee-subsidised merchant track within e-Rozgaar with no minimum education requirement and no formal literacy barriers. Delivered through short, Urdu-medium, phone-based modules directly in commercial clusters, training should prioritise immediate, market-based execution, such as live demonstrations of small-budget paid promotion on shop accounts.

The emphasis on demonstration is deliberate. That no adopter in this sample has ever paid to promote a post suggests paid promotion is largely absent from owners' working knowledge of these platforms rather than rejected on cost grounds. A worked demonstration, in which a single small-budget promotion is run live on a participant's own shop account with reach and enquiry figures shown before and after, would address that gap more directly than classroom instruction.

A single cohort of 20–30 shopkeepers could be run as a handful of short sessions inside one market over one or two weeks, using trainers already contracted under e-Rozgaar and requiring no new premises or equipment beyond the owners' own phones and a small promotion budget of a few thousand rupees per participant. Local market or trader associations offer a natural delivery partner and a ready channel for recruiting participants and repeating the sessions across other commercial clusters.

2. PSDF: fund market-based delivery for existing business owners

PSDF's current digital portfolio, including Advance Tech and Mein Digital, is oriented toward youth employability and requires education levels that exclude the owners in question.[15] Since PSDF's mandate covers skills training for poor and vulnerable populations in Punjab, and since it funds delivery through partner providers rather than its own institutes, it is well positioned to commission a pilot targeting existing micro-enterprise owners as a distinct category. Training should be delivered inside commercial markets rather than at training centres, to accommodate owners who cannot leave their shops.

3. SBP: name informal merchants as a target segment under the National Financial Education Roadmap

The National Financial Education Roadmap 2025–29 prioritises women, youth and children, and its financial-literacy sessions with partner institutions concentrate on payment usage.[16] Since digital-payment adoption in this sample was high regardless of owner education, payment providers already hold a working relationship with precisely the businesses that training programmes fail to reach.

[14]Punjab Information Technology Board, "e-Rozgaar 2.0," PITB, n.d., https://erozgaar.pitb.gov.pk/. Eligibility criteria as published on the programme's admissions portal at the time of writing.

[15]Punjab Skills Development Fund, "Advanced Skills Program by Maryam Nawaz Hunarmand Naujawan," PSDF, n.d., https://www.psdf.org.pk/advance-tech/.

[16]State Bank of Pakistan, National Financial Education Roadmap 2025-29 (State Bank of Pakistan, 2025), https://www.sbp.org.pk/PFLW/pdf/NFER-DOC.pdf.

SBP should designate informal merchants as an explicit segment under the Roadmap's diversification principle and encourage Mobilink Microfinance Bank (JazzCash) and Easypaisa Digital Bank to include basic digital-promotion guidance within merchant onboarding. This would be consistent with the State Bank's own stated expectation, set out when Pakistan's first digital retail banking licence was awarded, that digital banks should prioritise the digital transformation of small and medium enterprises and the digital literacy of their customers.[17]

This recommendation carries a weaker enforcement mechanism than the other two. Whereas PITB and PSDF can act directly on programmes they own and fund, SBP would be shaping the conduct of licensed private institutions, and the content of merchant onboarding is a commercial matter over which its leverage is largely persuasive. It is therefore best pursued through the Roadmap's existing partnership arrangements and supervisory guidance rather than as a binding requirement.

These findings rest on 29 businesses in three Lahore markets. Each recommendation is therefore proposed at pilot scale, with evaluation built in, rather than as immediate province-wide rollout.

Conclusion

Pakistan's informal micro-enterprises are not waiting to be brought online; they are already there. What this policy brief documents is something more consequential than low adoption: it documents adoption without effect. Businesses that post sporadically on a single platform, spend around twelve minutes a day on digital content, and have never once paid to reach a wider audience are not using digital media as a business tool. They are just maintaining a presence. The distinction matters because policy designed to connect businesses to the internet will not close that gap. Equipping owners with the practical skills to use these tools deliberately and strategically will.

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[17]State Bank of Pakistan, "SBP Awards First Digital Retail Bank License to Easypaisa," press release, January 28, 2025, https://www.sbp.org.pk/press/2025/Pr-28-Jan-2025.pdf.

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