



## DIGITAL MARKETING PRACTICES ADOPTION IN MICRO, SMALL, AND MEDIUM BUSINESSES FOR INCLUSIVE GROWTH

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### ABSTRACT

After China, India has the world's largest MSMEs (Micro, Small, and Medium Enterprises). According to government estimates, the country has roughly 63.05 million small enterprises, 0.33 million small businesses, and around 5,000 major businesses. The Micro, Small, and Medium Enterprises (MSME) sector of the Indian economy is a vibrant and dynamic sector. It adds to the country's economic and social development. MSMEs, second only to farming, encourage enterprise and create the most job vacancies at a relatively cheap capital cost. MSMEs now operates in almost every key sector of the Indian economy, including food processing, textiles and apparel, agricultural data sources, leather and cowhide stuff, sports merchandise, plastic items, electro-restorative equipment, and computer software, to name a few. With their devotion to modern yield, fares, business, and creation for the Indian and global markets, SMEs play a critical role in the Indian economy. The focus of this study is on existing advertising mediums for SMEs in the administration area, as well as the scope of internet marketing. With the passage of time, internet media has grown in importance in marketing, and it may be the ideal vehicle for SMEs to achieve success in marketing. Online media enables them to secure, maintain, and acquire prompts that are based on referrals and proposals. Experts have also stated that web-based promotion is effective and helps SMEs expand and manage their consumer base. Because Digital Marketing has so many advantages for businesses, MSMEs are another sector that can profit from it in terms of speeding up their growth. The two reasons for conducting a study in this field are as follows. The first is that while digital marketing is a profitable strategy for large firms in India, what is the impact on small brands in small urban communities? The second question is: what devices and parts should these local and small businesses employ to fully exploit Digital Marketing?

**Keywords: Online media, Digital Marketing, Urban communities, MSMEs**

### 1.1 INTRODUCTION

Digital technology advancements have massive marketing ramifications for small firms. Digital marketing has exploded in popularity in recent years, presenting both benefits and



challenges for small firms. Digital marketing is largely recognized in the corporate world, but its use in small firms varies greatly.

By making use of the opportunities provided by digital marketing, a small firm can gain a competitive advantage. They can also make use of their inherent advantages. Small businesses can be more sensitive and adaptable to changing conditions due to the digital environment's speed and flexibility, and their scale allows them to be more responsive and adaptable to changing conditions than huge corporations.

Small and medium businesses are vital to the economic development of any country, developed or emerging. Small and medium businesses can be found in all sectors of the Indian economy. It is responsible for a sixth of India's total GDP. According to the annual report of the Development Commissioner of Micro, Small, and Medium Enterprises (2001), the sector employs the second-highest number of people, behind the agricultural sector. The type of this sector's firms has a significant impact on India's poverty alleviation, long-term growth, and equitable income distribution. By implementing labor-intensive industrial processes, SMEs play a vital role in efficiently distributing the huge labor supply and finite capital. SME encourages private ownership, improves entrepreneurial abilities, and is notable for its ability to adjust swiftly to changing market demand and supply situations. With a multitude of measures to develop technology, innovation, and quality in SMEs, the government is attempting to drive it forward.

Early research on the adoption of digital marketing offers insight into why decision-makers adopt or reject new technologies. Empirical research has found a number of characteristics that are thought to influence small business adoption of digital marketing technology. As people become more reliant on digital media, more organizations are embracing digital marketing to reach their target markets as a result of consumer demand. The major goal of a small business is to provide significant value to its customers by utilizing modern technologies such as digital media.

## **1.2 STATEMENT OF PROBLEM**

The most significant business shift in contemporary history is represented by new digital media. If marketing produces demand, digital marketing uses the internet's power to create demand. The digital marketing strategy draws on and adapts classic marketing ideas while making use of the opportunities and difficulties presented by technology and the digital medium. It is more than just a new marketing channel; it is a new paradigm for how



customers interact with brands and each other. Consumers have more options, influence, and power thanks to the internet. New sales channels have opened up as a result of digital technology. It gives users access to previously unthinkable amounts and quality of the information in a convenient way. Consumers can sort products by whatever attribute they want, including price, value, functionality, or a combination of qualities like price and value. Digital marketing has become a whole-of-business strategy for firms, allowing them to improve business processes and communication both within the company and with trading partners.

It is vital for survival to find methods to use technology and services to be more efficient, cut costs, and increase flexibility to respond quickly to changing market conditions. India is successfully utilizing the advantages of ICT for widespread and long-term economic development. According to research by the Confederation of Indian Industry, the MSME sector has a technology penetration rate of 17-20%, with 35 million units scattered across the country (CII, 2008). Large and international corporations have widely utilized digital technology for their company operations, while the MSME sector as a whole has been slow to adopt digital technology. Digital marketing would help micro, small, and medium businesses compete more effectively. There are few studies that look into the factors that influence the adoption of digital marketing in SMEs. It is necessary to investigate the perspectives of both adopters and non-adopters on the good and negative effects of digital marketing. It is also vital to investigate the motivations and benefits of using a B2B E-marketplace.

## **2.1 REVIEW OF LITERATURE**

Ada Scupola (2009) shed light on the elements that influence the adoption and implementation of Business to Business E-commerce in small and medium businesses. He emphasized the parallels and contrasts between Danish and Austrian SMEs. Following a thorough analysis of the literature, a theoretical model based on technological, environmental, and organizational aspects influencing Ecommerce adoption and implementation was developed. Denmark and Australia were found to have a lot in common, according to the study.

Akkeren (2003) reviewed the literature in the domain of mobile data innovation adoption. The study's major goal was to identify the mobile data technology (MDT) and mobile internet demands of SMEs in regional locations.



Alam (2007) did an empirical study to better understand the adoption and use of ICT among small and medium-sized businesses in Malaysia's southern region's service industries. He also looked into how much ICT is used by small businesses. The study aimed to reach 180 people by judgment sampling. He discovered that ICT investment in Malaysian SMEs is minimal. He also says that government backing should be viewed as a key component in influencing an organization's decision to adopt ICT. Managers should also acquire a more positive attitude about the web and become more sensitive to the concept of implementing it.

According to Arendt (2008), the biggest hurdle limiting SME's from properly utilizing ICT and eBusiness is a lack of sufficient information, education, and qualified labor within the company. They emphasize that efforts to close the digital divide in SMEs should focus on overcoming "skill access" and "usage access" barriers, rather than material ones.

Asanayei (2009) investigated the rise of Iran SMEs and how e-commerce aided in the adoption of I.T. A total of 50 SMEs were chosen from five categories, each having ten organizations. The factors were discovered using an exploratory research technique. For the analysis, tables, graphs, and graphical representations were used. They discovered that Iranian SMEs first opposed rising e-commerce trends, but that after taking advantage of the opportunities the internet provided, they were able to increase earnings and exposure.

Ashish Kumar et al. (2005) looked at the growth and development of the Indian small-scale industry after the economy opened up in 1991. It also examines the current state of MSME and the challenges they face, such as lending, marketing, and licensing concerns. The researcher also examined the different marketing issues that SMEs in India confront.

Auger (2005) investigated the link between a website's design and its performance. The relationship between two design constructs, the level of interactivity and design sophistication, and two performance measures, an overall measure of performance and the number of visits to the site, is investigated in this study. Furthermore, the study investigates the impact of two contingency variables on these relationships: market instability and the website's age. The findings show that a website's level of engagement is proportional to the number of visits. Furthermore, marketing turbulence moderates the relationship between interactivity and performance, resulting in a positive relationship between the two constructs when market turbulence is strong but not when market turbulence is low.



## **2.2 RESEARCH GAP**

According to the survey of the literature, there is a growing body of literature on the adoption of e-commerce, online marketing, internet marketing, and social media marketing, with most of the work focusing on developed countries. While these studies advanced researchers' understanding of the role of technology in marketing, there are significant gaps in the literature. To begin with, no comprehensive study has been conducted to examine digital marketing adoption and its impact on company performance in micro, small, and medium businesses. As a result, the researcher believes it is critical to look into the elements that influence SMEs' adoption of digital marketing and the impact it has on their performance. Second, the theories and frameworks have been experimentally evaluated in developed economies with varying economic and regulatory environments, therefore it's critical to see if the adoption ideas and empirical findings can be applied to other economic circumstances. Third, there has been little or no research into the motivations for B2B E-marketplace usage and the benefits obtained by MSME's. To summarize, this study represents a sincere attempt to close the gaps found in the literature.

## **3.1 OBJECTIVES OF THE STUDY**

- 1) To identify and study the characteristics that influence micro, small, and medium-sized businesses' adoption of digital marketing.
- 2) Determine the impact of digital marketing adoption on a company's performance.

## **4.1 RESEARCH METHODOLOGY**

The overall type of research, data collection methods, sample design, data collection tools, and data processing procedures are all clearly outlined in this section.

## **4.2 SOURCES OF DATA**

### **Primary data**

The primary data was gathered utilizing two surveys, one for digital marketing adopters and the other for non-adopters of digital marketing.

### **Secondary data**

Secondary data was gathered from a variety of publications, including journals, books, study reports, research dissertations and theses, periodicals, and websites. Data was gathered from reports by the MSME Development Commissioner, the Census report on MSME, the annual report of the MSME Development Institute, (part of the ministry of micro, small and medium enterprises), and the MSME handbook, IAMA reports, and websites.

### 4.3 TOOLS OF ANALYSIS

Various statistical methods were used to do data analysis on the primary data. To analyze the data, SPSS21 was used to calculate percentages, descriptive statistics, and several parametric tests.

#### 4.1 DATA INTERPRETATION

##### 4.1.1 IMPACT ON PERFORMANCE

Three dimensions are used to evaluate perceived performance:

- 1) Impact on sales
- 2) Impact on internal efficiency
- 3) Procurement implications

#### Analysis of performance among micro, small and medium enterprises

The performance of micro, small, and medium businesses will be examined in the next section. A one-way ANOVA is used to analyze the performance of 300 firms.

**TABLE 1.1: PERFORMANCE OF COMPANIES**

Performance of companies	Adopter		
	Mean	tvalue	p-value
Sales have increased	4.921	19.194	.000**
The sales area has widened	4.824	16.344	.000**
Customer service improved	4.074	.950	.343
Internal processes more efficient	4.511	10.184	.000**
Staff productivity increased	4.418	6.881	.000**
Procurement cost decreased	3.901	1.281	.201
Inventory cost decreased	4.424	6.598	.000**
Coordination with suppliers improved	4.564	10.349	.000**

Table 1.1 displays the average score of early adopters in terms of digital marketing performance. Scores range from 1 to 5 on a five-point scale ranging from strongly disagrees to strongly agrees. Positive feedback is indicated by greater values, which imply a larger degree of agreement with the statement. In all but one of the assertions, the mean score is higher than the test value (3). Because the p-value is smaller than 0.01 in all situations, the difference between the mean score and test value is significant at 1%.

#### 4.1.2 TESTING OF HYPOTHESIS

**H<sub>0</sub>:** "In terms of overall performance parameters, there is no substantial difference between micro, small, and medium firms."

**TABLE-1.2: COMPARISON OF PERFORMANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES**

Performance factors	sector						F value	p-value
	Micro		Small		Medium			
	Mean	S.D	Mean	S.D	Mean	S.D		
Sales	10.75 <sup>b</sup>	2.25	10.89 <sup>b</sup>	2.44	9.76 <sup>a</sup>	2.81	4.228	.042*
Internal Efficiency	6.85	1.62	7.15	1.47	6.66	1.55	2.769	.174
Procurement	9.69	2.35	10.15	2.27	9.32	2.09	3.192	.115
Overall Performance factors	27.48	5.07	28.20	5.08	26.84	5.03	2.137	.324
<b>N=300</b>								

The performance of micro, small, and medium businesses is shown in Table 1.2. For sales, the mean score of the micro and small sectors is relatively comparable, but the medium sector's score is slightly lower. In the tiny sector, internal efficiency has a mean score of 7.15 and a standard deviation of 1.47, whereas the micro and medium sectors have values that are similar. The procurement factor in the small sector has a mean score of 10.15 and a standard deviation of 2.27, whereas the micro and medium sectors have a one-point lower score. In the small sector, the overall performance factors have a relatively high mean score of 28.20 with a standard deviation of 5.08. One-way ANOVA is used to evaluate the hypothesis. The null hypothesis is rejected at the 5% level since the p-value for sales is less than 0.05. As a result, there are a large disparity in sales between micro, small, and medium businesses. However, because the p-value is greater than 0.05, the null hypothesis is accepted at 5% in the case of internal efficiency, procurement, and overall performance aspects. As a result, there are no substantial differences in internal efficiency, procurement, or overall performance variables across micro, small, and medium businesses. A post hoc test is used to determine the actual differences in sales between sectors. According to the Duncan multiple range test, the micro

and small sectors are notably different from the medium sector in terms of sales at the 5% level.

H<sub>0</sub>: "There is no statistically significant link between perceived simplicity of use and perceived performance of digital marketing adoption."

**TABLE-1.3: PEARSON CORRELATION COEFFICIENT BETWEEN PERCEIVED EASE OF USE ON PERCEIVED PERFORMANCE OF ADOPTERS OF DIGITAL MARKETING**

Perception Factors	Sales	Internal Efficiency	Procurement	Overall Performance Of Digital Marketing
Perceived Ease Of Use	0.163** (p=)	0.075	0.213**	0.187**
N=300				

The correlation coefficient between perceived ease of use and perceived performance of digital marketers is shown in Table 1.3. The correlation coefficient between perceived ease of use and procurement is 0.213, indicating a 21% positive association between the two variables, which is significant at the 1% level. The correlation coefficient between perceived ease of use and overall perceived performance is 0.187, indicating that there is an 18.3% positive association between perceived ease of use and total perceived digital marketing performance. This means that perceived simplicity of use has a major impact on perceived performance. Furthermore, this finding is consistent with other studies that show that the less effort necessary to operate digital devices, the higher the performance.

### 5.1 CONCLUSION

The use of web advertising/digital marketing and internet business could serve as a significant enabling agent in gaining a competitive advantage through better item and administration conveyance or lower costs. It can perform a basic function by assisting MSMEs in reshaping their action plans by improving their serious parts. By and large, Indian MSMEs' lack of interest in web advertising and online business has limited the market's contributions of things and services tailored to meet the needs of individual MSMEs. This is due to a lack of dynamism between web marketing administration providers and MSMEs in India. There is a demand and supply gap that prevents MSMEs from embracing web advertising and internet marketing platforms. As a result, we propose that the government



and businesses work together to promote ICT mindfulness and related ability improvement in the MSME sector. Following that, policymakers will be given recommendations based on this investigation. Policymakers should collaborate with MSMEs to minimize some of the main difficulties faced by MSMEs in the selection of web showcasing and online business by wisely using components and impetuses offered to them. This would not only assist MSMEs in their domestic operations, but also in their global efforts, both of which would contribute to the economy's greater financial potential. This investigation also allows professionals and MSME owners to compare their authoritative practices to those of other small and medium-sized businesses. The challenges of choosing a web marketing and online business should be properly assessed in light of a certain authoritative culture and structure. One of the main challenges for MSMEs in their acceptance of web showcasing and online business for their businesses was the lack of adequate skills and competence, among other things. As a result, we advise that MSMEs' managers/owners invest enough in capability development/security to successfully commercialize and market their businesses via the internet and computerized channels. This study, which is one of the first to delve into the challenges faced by Indian SMEs in adopting web marketing and web-based business, lays the groundwork for future researchers to dig deeper into the subject. We also propose that similar studies be replicated in other settings in order to distinguish and relate what all problems faced by Indian MSMEs are common as well as novel to the larger institutional setting. One of the limitations of the inquiry is the relatively small sample size of respondents in the survey, which can limit the summation of the findings. However, because we used a two-step approach, such as an initial round of subjective meetings followed by a review study, we were able to perform a type of triangulation within the inquiry itself. We advise future researchers to do comparison analyses using a larger dataset.

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