
A Study On Digital Marketing Practices of SMEs in India

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ABSTRACT

This study explores the digital marketing practices, benefits, and challenges faced by small and medium-sized enterprises (SMEs) in India. Using primary data from 150 respondents, the research highlights that social media marketing, search engine optimization (SEO), and content creation are the most commonly adopted digital marketing practices. SMEs have observed a significant increase in customer base and sales as a result of digital marketing. However, a lack of familiarity with analytics and limited resources pose notable challenges. The findings suggest that while SMEs recognize the value of digital marketing, they often struggle to fully optimize their efforts due to resource constraints. In terms of benefits, improved brand visibility and higher returns on investment are the top advantages identified by the respondents. The ability to target specific customer segments and foster better customer relationships further underscore the effectiveness of digital marketing. On the other hand, keeping up with changing digital trends, lack of expertise, and limited funding remain key challenges for SMEs. This study emphasizes the need for greater support in terms of training, resources, and tools to help SMEs fully leverage digital marketing for long-term business growth.

Keywords: Digital marketing, challenges, opportunities, SMEs, India.

Introduction

Digital Marketing practices: Digital marketing for SMEs in India revolves around cost-effective and scalable methods to reach a wider audience. Platforms like Facebook, Instagram, and WhatsApp play a significant role in helping businesses engage directly with customers. Social media offers SMEs a space to promote their products, run targeted ads, and build relationships with customers in a budget-friendly manner.

Search engine optimization (SEO) and pay-per-click (PPC) advertising are also common practices among SMEs. SEO allows businesses to rank higher on search engines like Google, driving organic traffic to their websites, while PPC campaigns such as Google Ads help SMEs gain visibility quickly by targeting specific demographics. Content marketing, including blogs, videos, and infographics, is used to create brand awareness and share valuable information with customers. E-commerce integration has also become more prevalent, with SMEs using online marketplaces and their own websites to facilitate sales. Despite challenges like limited resources and competition, digital marketing enables SMEs to grow and remain competitive in the fast-paced online market.

Digital Marketing practices of SMEs: Digital marketing practices among SMEs in India have been gaining momentum as businesses increasingly recognize the potential of online platforms to expand their reach. Many SMEs use social media platforms like Facebook, Instagram, and WhatsApp to promote their products and engage with customers. These platforms are cost-effective and offer access to a vast audience, helping small businesses reach potential customers both locally and globally.

Search engine optimization (SEO) is another key practice among SMEs. By optimizing their websites for search engines, businesses can improve their visibility in search results, attracting more organic traffic. Many SMEs also invest in Google Ads and other pay-per-click (PPC) campaigns, which help drive targeted traffic to their websites, leading to higher conversions.

Content marketing, through blogs, videos, and infographics, is widely adopted to build brand awareness and provide value to customers. SMEs often use content to share stories about their products, educate customers, and establish authority in their niche markets. E-commerce integration has also grown, with many SMEs leveraging platforms like Shopify or Amazon to reach a broader audience.

Despite the potential, SMEs in India face challenges such as limited resources, digital literacy gaps, and competition from larger brands. However, as digital tools become more accessible and affordable, more SMEs are adopting digital marketing strategies to scale their operations and compete effectively in the digital economy.

Review of Literature

1. **Gupta, S., & Singh, P. (2020), In the research titled “The impact of digital marketing on the growth of small and medium enterprises in India”** This study concludes that digital marketing plays a pivotal role in the growth and sustainability of SMEs in India. The research emphasizes that SMEs adopting digital strategies experience greater brand visibility, customer engagement, and sales growth. However, the study also highlights the challenges such as financial constraints and a lack of digital expertise, suggesting that tailored training programs and government support could help overcome these obstacles.
2. **Patel, A., & Shukla, R. (2019), In the research titled “Role of social media in the growth of SMEs: A case study of Indian businesses”** The study concludes that social media is an essential marketing tool for SMEs in India, offering an affordable and highly effective way to connect with customers and build brand loyalty. The findings suggest that social media can level the playing field between small and large businesses by enabling targeted advertising. The study also recommends that SMEs focus on consistent content creation and customer interaction to maximize their social media presence.
3. **Kumar, V., & Sinha, A. (2021), In the research titled “Digital marketing challenges for SMEs in India: An exploratory analysis”** The research concludes that while digital marketing offers numerous benefits for SMEs, significant challenges hinder its widespread adoption. Issues such as limited budgets, lack of digital skills, and intense competition are common. The study calls for more accessible training programs and affordable digital solutions that can empower SMEs to overcome these barriers and compete effectively in the digital marketplace.
4. **Rao, M., & Reddy, T. (2020), In the research titled “The influence of digital marketing on consumer behavior and its relevance for SMEs”** The study concludes that digital marketing strategies significantly influence consumer behavior in India, particularly for SMEs. The research highlights the growing importance of online reviews, influencer partnerships, and mobile marketing in shaping purchasing decisions. To capitalize on this trend, the study suggests that SMEs should focus on personalizing their marketing efforts and improving customer experience through digital platforms.
5. **Chatterjee, D., & Sharma, R. (2018), In the research titled “Digital marketing strategies for SMEs: A comparative study of rural and urban India”** This study concludes that there is a notable difference in the adoption of digital marketing strategies between rural and urban SMEs in India. Urban SMEs are more proactive in leveraging advanced digital tools, while rural SMEs face constraints such as poor digital infrastructure and limited knowledge. The study recommends that policymakers focus on improving digital access in rural areas and provide targeted digital literacy programs to help bridge this gap.
6. **Bhattacharya, S., & Mehta, K. (2019), In the research titled “E-commerce integration and digital marketing effectiveness in SMEs: The Indian context”** The study concludes that e-commerce integration with digital marketing practices significantly enhances the growth potential of SMEs in India. SMEs that effectively combine these strategies experience increased sales, broader market reach, and improved customer satisfaction. The study suggests that SMEs should continue investing in digital marketing and e-commerce platforms to remain competitive and scale their businesses.
7. **Roy, A., & Joshi, P. (2022), In the research titled “Search engine optimization (SEO) and its impact on online visibility of SMEs in India”** he study concludes that search engine optimization (SEO) plays a critical role in improving the online visibility of SMEs in India. Businesses that invest in SEO strategies witness higher search rankings, increased website traffic, and better conversion rates. The research recommends that SMEs prioritize SEO as a long-term strategy and continually update their practices to keep pace with changes in search engine algorithms.

8. **Sharma, V., & Kapoor, N. (2021), In the research titled “Analyzing the role of digital literacy in the adoption of digital marketing by SMEs in India”** This study concludes that digital literacy is a key factor in the successful adoption of digital marketing strategies by SMEs in India. SMEs with higher levels of digital literacy are better equipped to utilize digital tools effectively, leading to better business outcomes. The study calls for focused efforts in improving digital education among SME owners and employees, which can ultimately lead to enhanced competitiveness in the digital space.
9. **Aggarwal, P., & Verma, S. (2020), In the research titled “The role of digital content creation in enhancing customer engagement for SMEs: A study of Indian markets”** The study concludes that digital content creation is a powerful tool for enhancing customer engagement and loyalty for SMEs in India. By producing high-quality, relevant content, SMEs can build stronger relationships with their customers and establish themselves as thought leaders in their industries. The study recommends that SMEs invest in content marketing strategies that align with their brand identity and customer preferences to boost long-term growth.

Research Methodology

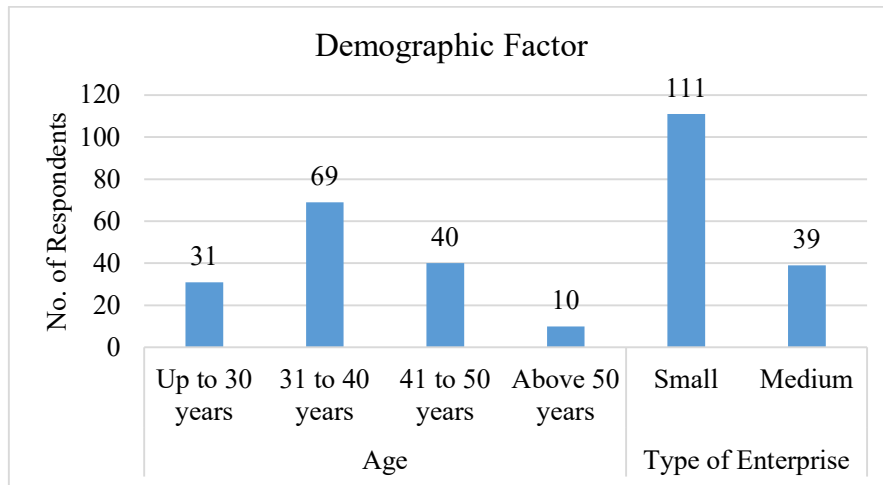
The research methodology for the study on digital marketing practices of SMEs in India involves a quantitative approach using a structured survey administered to 150 respondents. The survey aims to address two objectives: first, to analyze the practices, benefits, and challenges associated with digital marketing among SMEs, and second, to investigate the relationship between these benefits and challenges. The sample includes a demographic breakdown by age and enterprise type, with age categories ranging from up to 30 years to above 50 years, and enterprise types categorized as small and medium. The data collected will be analyzed using statistical methods, including ANOVA and correlation tests, to derive meaningful insights into digital marketing practices and their impacts on SMEs.

Data Analysis

Demographic Factor

Sr No.	Particular	Category	Frequency	Percent
1	Age	Up to 30 years	31	20.7
		31 to 40 years	69	46.0
		41 to 50 years	40	26.7
		Above 50 years	10	6.7
2	Type of Enterprise	Small	111	74.0
		Medium	39	26.0

The data provides a demographic breakdown of age and the type of enterprise involved in the study. In terms of age, the majority of respondents fall between 31 to 40 years (46%), followed by those aged 41 to 50 years (26.7%), and those up to 30 years (20.7%). A smaller percentage, 6.7%, are above 50 years. Regarding the type of enterprise, 74% of respondents belong to small enterprises, while 26% represent medium enterprises. This indicates a higher representation of younger to middle-aged participants and a predominant focus on small enterprises in the study. The following information is shown below in bar diagram.



Objective 1 To study the practices of digital marketing and their benefits and challenges faced by SMEs in India.

Null Hypothesis H_{01A}: There is no significant difference in practices of digital marketing between small and medium enterprises.

Alternate Hypothesis H_{11A}: There is a significant difference in practices of digital marketing between small and medium enterprises.

To test the above null hypothesis ANOVA test is applied and f-test is obtained.

ANOVA					
Practices of Digital marketing					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	24.791	1	24.791	127.238	.000
Within Groups	28.836	148	.195		
Total	53.626	149			

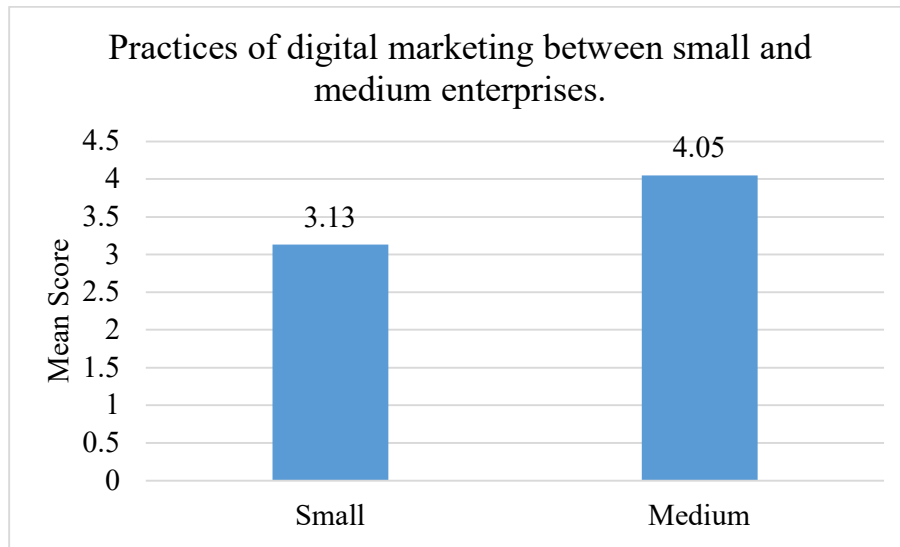
Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore, f-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is a significant difference in practices of digital marketing between small and medium enterprises.

Findings: To understand the findings of hypothesis, mean score of practices of digital marketing between small and medium enterprises.

Report			
Practices of Digital marketing			
3. Type of enterprise	Mean	N	Std. Deviation
Small	3.13	111	.398
Medium	4.05	39	.549
Total	3.37	150	.600

The data highlights the use of digital marketing practices across different enterprise types. Small enterprises have a mean score of 3.13, with a standard deviation of 0.398, based on 111 observations. Medium enterprises have a higher mean score of 4.05, with a standard deviation of 0.549, derived from 39 observations. Overall, the total mean across both types of enterprises is 3.37, with a standard deviation of 0.600 from 150 observations. This suggests that medium enterprises are more active or proficient in adopting digital marketing practices compared to small enterprises. The following information is shown below in bar diagram.



Null Hypothesis H_{01B}: There is no significant difference in benefits of digital marketing between small and medium enterprises.

Alternate Hypothesis H_{11B}: There is a significant benefit in practices of digital marketing between small and medium enterprises.

To test the above null hypothesis ANOVA test is applied and f-test is obtained.

ANOVA					
Benefits					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.567	1	14.567	32.357	.000
Within Groups	66.632	148	.450		
Total	81.199	149			

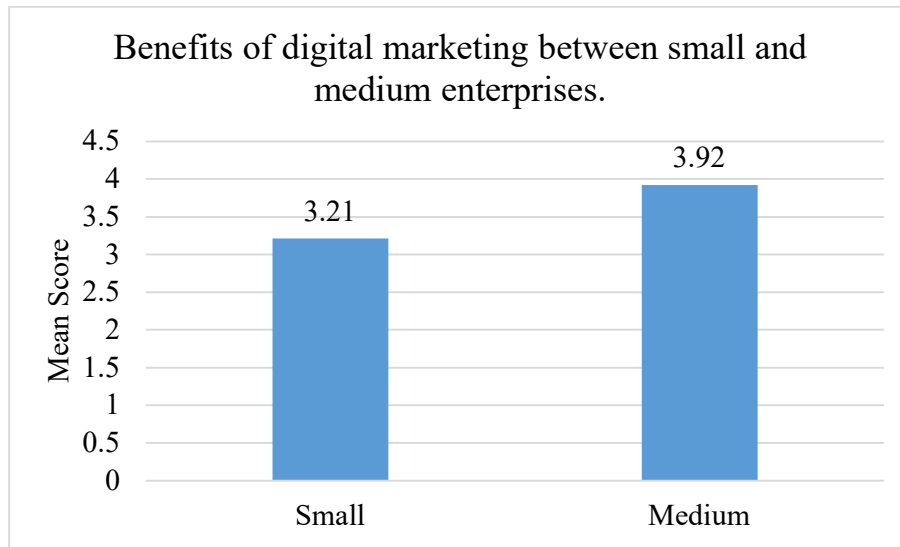
Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore, f-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is a significant difference in benefits of digital marketing between small and medium enterprises.

Findings: To understand the findings of hypothesis, mean score of benefits of digital marketing between small and medium enterprises.

Report			
Benefits			
3. Type of enterprise	Mean	N	Std. Deviation
Small	3.21	111	.680
Medium	3.92	39	.643
Total	3.40	150	.738

The data indicates the perceived benefits of digital marketing across different enterprise types. Small enterprises report a mean score of 3.21 with a standard deviation of 0.680, based on 111 observations. Medium enterprises, on the other hand, report a higher mean score of 3.92 with a standard deviation of 0.643 from 39 observations. Overall, the total mean across both enterprise types is 3.40, with a standard deviation of 0.738 from 150 observations. This suggests that medium enterprises perceive greater benefits from digital marketing compared to small enterprises. The following information is shown below in bar diagram.



Null Hypothesis H_{01C}: There is no significant difference in challenges of digital marketing between small and medium enterprises.

Alternate Hypothesis H_{11C}: There is a significant difference in challenges of digital marketing between small and medium enterprises.

To test the above null hypothesis ANOVA test is applied and f-test is obtained.

ANOVA					
Challenges					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.915	1	8.915	10.925	.001
Within Groups	120.765	148	.816		
Total	129.680	149			

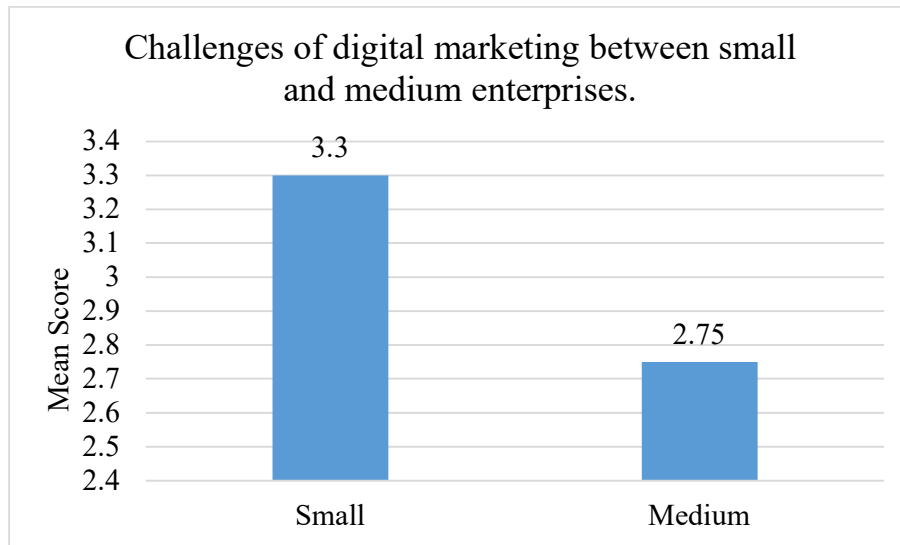
Interpretation: The above results indicate that calculated p-value is 0.001. It is less than 0.05. Therefore, f-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is a significant difference in challenges of digital marketing between small and medium enterprises.

Findings: To understand the findings of hypothesis, mean score of challenges of digital marketing between small and medium enterprises.

Report			
Challenges			
3. Type of enterprise	Mean	N	Std. Deviation
Small	3.30	111	.951
Medium	2.75	39	.749
Total	3.16	150	.933

The data shows the challenges faced in digital marketing across different enterprise types. Small enterprises report a mean score of 3.30, with a standard deviation of 0.951, based on 111 observations. Medium enterprises have a lower mean score of 2.75, with a standard deviation of 0.749 from 39 observations. The overall mean for both types of enterprises is 3.16, with a standard deviation of 0.933 from 150 observations. This suggests that small enterprises perceive more challenges in digital marketing compared to medium enterprises. The following information is shown below in bar diagram.



Objective 2 To study the relation ship between benefits and challenges of digital marketing for SMEs in India.

Null Hypothesis H₀₂: There is no relationship in benefits and challenges of digital marketing.

Alternate Hypothesis H₁₂: There is a relationship in benefits and challenges of digital marketing.

To test the above null hypothesis correlation test is obtained.

Correlations			
		Benefits	Challenges
Benefits	Pearson Correlation	1	-.442**
	Sig. (2-tailed)		.000
	N	150	150
Challenges	Pearson Correlation	-.442**	1
	Sig. (2-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

Interpretation: The above results indicate that calculated p-value is 0.001. It is less than 0.05. Therefore, correlation test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is a relationship in benefits and challenges of digital marketing between small and medium enterprises.

Findings: The correlation table shows a significant negative relationship between the perceived benefits and challenges of digital marketing. The Pearson correlation coefficient between benefits and challenges is -0.442, indicating a moderate negative correlation. This means that as the perceived benefits of digital marketing increase, the challenges tend to decrease, and vice versa. The significance level (Sig.) of 0.000 confirms that this correlation is statistically significant at the 0.01 level. This relationship is based on data from 150 observations.

Objective 2 To identify most preferred practices of digital marketing by SMEs in India.

Ranks	
	Mean Rank
We actively use social media platforms (e.g., Facebook, Instagram) for marketing.	5.83
Digital marketing has helped increase our customer base.	6.24
Our business invests in search engine optimization (SEO) to improve online visibility.	5.78
We use email marketing to engage with our customers.	5.26

Our digital marketing efforts have increased our sales over the past year.	5.93
We have allocated a specific budget for digital marketing.	5.29
We face challenges in effectively using digital marketing due to limited resources (e.g., time, money, expertise).	5.14
Our business is familiar with using analytics to measure the effectiveness of digital marketing.	4.90
Digital marketing has helped us compete with larger businesses.	5.42
We regularly create and share content (blogs, videos, infographics) to engage with our target audience.	5.22

The analysis of digital marketing practices among SMEs in India reveals that increasing the customer base through digital marketing holds the highest importance (mean score of 6.24), followed by an observed increase in sales (mean score of 5.93). Social media platforms are actively used for marketing, scoring 5.83, while SEO practices rank slightly lower at 5.78. Despite facing resource constraints (mean score of 5.14), SMEs have allocated budgets for digital marketing (5.29) and engage in content creation (5.22). However, there is limited familiarity with analytics (4.90), indicating a potential area for improvement in measuring marketing effectiveness.

Objective 4 To identify most preferred benefits of digital marketing by SMEs in India.

Ranks	
	Mean Rank
Digital marketing provides a higher return on investment compared to traditional marketing methods.	2.84
Digital marketing has improved our brand visibility in the market.	2.86
The use of digital marketing has led to better customer relationships.	2.72
Digital marketing has made it easier to target specific customer segments.	2.56
We believe that investing in digital marketing will ensure long-term business growth.	4.03

The analysis of the most preferred benefits of digital marketing by SMEs in India shows that improved brand visibility holds the highest preference with a mean rank of 2.86, followed closely by a higher return on investment (2.84). Building better customer relationships through digital marketing ranks next with 2.72, while ease in targeting specific customer segments is also a key benefit, with a mean rank of 2.56. However, long-term business growth through digital marketing is ranked lower, with a mean rank of 4.03, indicating that SMEs prioritize more immediate benefits.

Objective 5 To identify most challenging factor of digital marketing by SMEs in India.

Ranks	
	Mean Rank
Lack of digital marketing expertise is a major challenge for our business.	2.80
We struggle to keep up with the changing digital marketing trends.	2.86
Our digital marketing efforts are limited by insufficient funding.	2.53
Finding the right digital marketing tools and platforms is a challenge for our business.	2.86
We face difficulties in measuring the effectiveness of our digital marketing campaigns.	3.95

The most challenging factors of digital marketing for SMEs in India indicate that staying updated with changing trends and finding the right tools and platforms are the top challenges, both with a mean rank of 2.86. Lack of digital marketing expertise also poses a significant challenge, scoring a mean rank of 2.80. Limited funding for digital marketing efforts follows closely with a mean rank of 2.53. However, measuring the effectiveness of

campaigns is ranked as the least challenging among the listed factors, with a higher mean rank of 3.95.

Conclusion

- The study's findings indicate clear distinctions between small and medium enterprises in their adoption, benefits, and challenges related to digital marketing. Medium enterprises exhibit a higher proficiency in using digital marketing practices, reflected in a mean score of 4.05 compared to 3.13 for small enterprises. This suggests that medium enterprises are more active and better resourced in implementing digital marketing strategies such as social media marketing, SEO, and content creation.
- When examining the perceived benefits, medium enterprises also report a higher mean score of 3.92 compared to 3.21 for small enterprises, highlighting their stronger belief in digital marketing's ability to enhance brand visibility, customer targeting, and relationships. These enterprises recognize the value of digital marketing in driving growth and achieving a competitive edge in the market.
- On the challenges front, small enterprises experience more difficulties, particularly in terms of limited funding, lack of expertise, and keeping up with constantly evolving digital marketing trends. Their mean score for challenges is 3.30, while medium enterprises have a lower score of 2.75, suggesting that medium businesses are better equipped to handle these obstacles.
- Furthermore, a correlation analysis reveals a significant negative relationship between the benefits and challenges of digital marketing, with a Pearson correlation coefficient of -0.442. This implies that as SMEs realize more benefits from digital marketing, they tend to perceive fewer challenges. Conversely, when challenges are higher, the perceived benefits are reduced. These insights underscore the importance of addressing key barriers, particularly for smaller enterprises, to ensure that they can harness the full potential of digital marketing for their growth and sustainability.

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