



IMPACT OF DIGITAL MARKETING ON MSMES' SALES AND BUSINESS SUSTAINABILITY

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Abstract

The goal of this research is to better understand the relationship between sales performance and digital marketing's impact on a company's long-term viability. Structured equation modelling and other quantitative methods are employed for data analysis here. using methods that require minimal effort or time on the part of the sample taker. One hundred forty-two micro, small, and medium-sized enterprises (MSMEs) in Hyderabad area were sent online questionnaires, and the completed surveys that were returned were analysed. Data analysis reveals digital marketing had a positive and material effect on business outcomes including sales performance and long-term viability. Social media, the World Wide Web, and Search Engine Optimization are just a few examples of the channels where digital marketing can be practised (SEO). Social media was shown to be a frequently used digital medium among MSMEs. And talk about the results of a rise in SME sales volume.

Keywords: business, digital marketing, e-commerce, sales performance, sustainability,

Introduction:

The field of marketing is one that is always developing. The success of today's marketing executive depends on having a dependable system in place for acquiring timely and accurate data on consumers, competitors, and the external setting. Internet marketing refers to the practise of promoting and selling a product or service over the Internet (IM). Electronic commerce and the Internet have made it easier to market and sell goods. Electronic commerce (or "e-commerce") is a phrase used to refer to any market that exists exclusively online. Doing business over the internet is known as "e-commerce" or "electronic commerce." Internet marketing is a specialised area of e-commerce.

The goal of this new form of advertising and promotion is to help businesses expand their customer base and increase sales. Online advertising allows businesses of all sizes to reach

consumers whenever and wherever they may be (Agostini & Nosella, 2020; Maduku et al., 2016; Samoilenko & Osei-Bryson, 2018). Ever since then, there have been links drawn between the rise of digitalization and the success, productivity, and competitiveness of small businesses. There is hope for small businesses that employ digital marketing and social media to both expand their customer bases and keep their current ones happy (Taiminen & Karjaluoto, 2015). Due to the ease with which digitalization facilitates information sharing and consumer interactions, small and medium-sized businesses (SMEs) stand to gain significantly from it (Wonglimpiyarat, 2015). The research was conducted by Eze et al. (2014). Today's businesses rely heavily on digital platforms as a means of promotion because of the numerous advantages they provide in terms of reaching the intended audience, stimulating the buyers' emotions, and easing the purchasing process.

Literature Review:

A company's two most important goals raising brand awareness and attracting more visitors to the website can both be accomplished through strategic use of online marketing (Song, 2001). As a result of technological advancements, digital marketing strategies have surpassed more conventional methods of public relations and advertising. Therefore, it can help revitalise the economy and improve the effectiveness of government agencies (Munshi, 2012).

By March of 2020, there will be more than 4.5 billion people around the world using the internet, according to Internet World Stats (2020). Due to technological advancements and the growth of digital infrastructure, the speed and impact of the Internet have increased. As a result, the internet has essentially supplanted more traditional channels of interaction.

The three most important marketing elements of digital content, according to businesses that rely on digital technology to generate revenue, are (1) availability, (2) usability, and (3) speed (Kanttila, 2004).

Because of this, people's habits of purchasing and consuming goods have evolved. As a result of changing tastes and preferences, Midha (2012) contends that the psychology of consuming is always adapting. Companies in this field must meet the changing needs of their customers and do so in a timely manner to succeed (Pencarelli, 2020). When the bar is raised for what consumers demand from a company, it's only logical that some of those establishments would have a hard time maintaining their footing and finally fail (Ungerma, Dedkova & Gurinova, 2018). To accommodate the many changes brought about by the expanding digital economy, traditional marketing must adhere to stringent new standards (Midha, 2012).

Because of the rise of digital media, traditional methods of advertising have undergone radical revision (Caliskan, Ozen & Ozturkoglu, 2020). Maintaining a competitive edge in today's market is difficult due to the widespread changes in consumer behaviour brought about by technological advancements (Vidili, 2020). To sustainably increase digital sales and leverage them as a strategic asset, careful decision making at the sales level is essential. Therefore, given the present economic context, sales strategies that centre on the demands of the customer are more important than ever (Zhu & Gao, 2019).

Many businesses are now joining the digital marketing and e-commerce trend. The impact of this increase has been felt most keenly by traditional retailers who have not made the investment in an online presence. The smooth evolution from traditional to digital advertising is dependent on this link (Dong, 2018). Businesses who can master long-term digital sales strategies have a distinct competitive advantage. A company's market positioning strategy

should take into account both internal sales processes and the external environment. The 5Ss of Internet marketing (Sell, Serve, Speak, Save, Sizzle) are sales, service, communication, savings, brand creation, and diffusion, and they should be prioritised by any organisation concerned about Internet marketing, according to Chaffey & Smith (2012).

Online advertising has several advantages, including its low cost, targeted nature, user-friendliness, and access to product information before purchase (Durmaz&Efendioglu, 2016). A small firm can reach more people for less money by using digital marketing tactics like social networking. Small and medium-sized businesses (SMBs) face intense levels of competition. There are lots of competitors selling things that are nearly identical to yours, but for less money. In return, their customers get numerous advantages. In order to better meet the needs of their customers, businesses might benefit from using digital technologies. The increased efficiency and productivity of firms and the decreased overhead expenses made possible by digital technology are good news for consumers (Foroudi et al., 2017).

Objectives:

- To analyse the effect of digital marketing practices on the sales performance of MSMEs.
- To analyse the effect of digital marketing practices on business sustainability of MSMEs

Hypothesis:

H1: Digital marketing practices have significant influence on sales performance of MSMEs.

H1a: Mobile marketing has significant effect on sales performance of MSMEs.

H1b: Social-media marketing has significant effect on sales performance of MSMEs.

H1c: Search engine marketing has significant effect on sales performance of MSMEs.

H2: Digital marketing practices have significant influence on business sustainability of MSMEs.

H2a: Mobile marketing has significant effect on business sustainability of MSMEs.

H2b: Social-media marketing has significant effect on business sustainability of MSMEs.

H2c: Search engine marketing has significant effect on business sustainability of MSMEs.

Research methodology:

For this study, researchers mostly relied on descriptive surveys. Questionnaires are a common method of data collecting used by researchers. After examining the extant literature and studies, we created this research instrument (Wanjiru Mobydeen, 2021). The link to a Google Docs survey was emailed to business leaders at MSMEs, as well as any other executives with a hand in digital marketing strategy and execution. Individual and occupational background questions make up the survey's first section. The second part of this assignment asks you to consider the relationship between the study's independent and dependent variables. The respondents were asked to score their agreement with the statement from 1 (strongly disagree) to 5 (completely agree) (strongly agree). Expert judgement was combined with practical factors to choose respondents from among the many MSMEs in Hyderabad. After data screening, 142 out of a total of 152 surveys were selected for in-depth analysis because they provided sufficient data.

Data from a survey administered to the participants was analysed using a hybrid of SPSS 24 and AMOS. Summarizing the study's variables by determining their means and standard deviations is one example of the descriptive statistics used in this type of analysis. The reliability of the data was evaluated using Cronbach's alpha. Hypothesis testing was performed using structure equation modelling (SEM).

Results:

Details of respondents and MSMEs:

Measures	Items	Percentage(%)
Gender	Male	84
	Female	16
Age	Below 24	3
	25-30	62
	30-35	12
	35-40	23
	40 & above	8
Education	Secondary	4
	Undergraduate	54
	Postgraduate	2
	Others	21
Occupation	Business	64
	Salaried	27
	Others	9
Type of business	Micro	12
	Small	32
	Medium	66
Activities of business	Manufacturing	43
	Transport	3
	Construction	7
	Trade & commerce	10
	Service	23
	Others	14

Table 2: Descriptive and reliability of the constructs

Sl.No.	Items	Mean	Standard deviation	Cronbach's alpha
1	MM1	3.32	.894	0.874
2	MM2	3.45	.965	
3	MM3	3.45	.941	
4	SM1	3.47	1.000	0.915
5	SM2	3.36	.974	
6	SM3	3.41	.967	
7	SEM1	3.19	.938	0.875
8	SEM2	3.18	.909	
9	SEM3	3.18	.946	
10	SP1	3.45	.947	0.867
11	SP2	3.44	.964	
12	SP3	3.62	.872	
13	BS1	3.29	.979	0.861
14	BS2	3.38	.946	
15	BS3	3.37	.921	

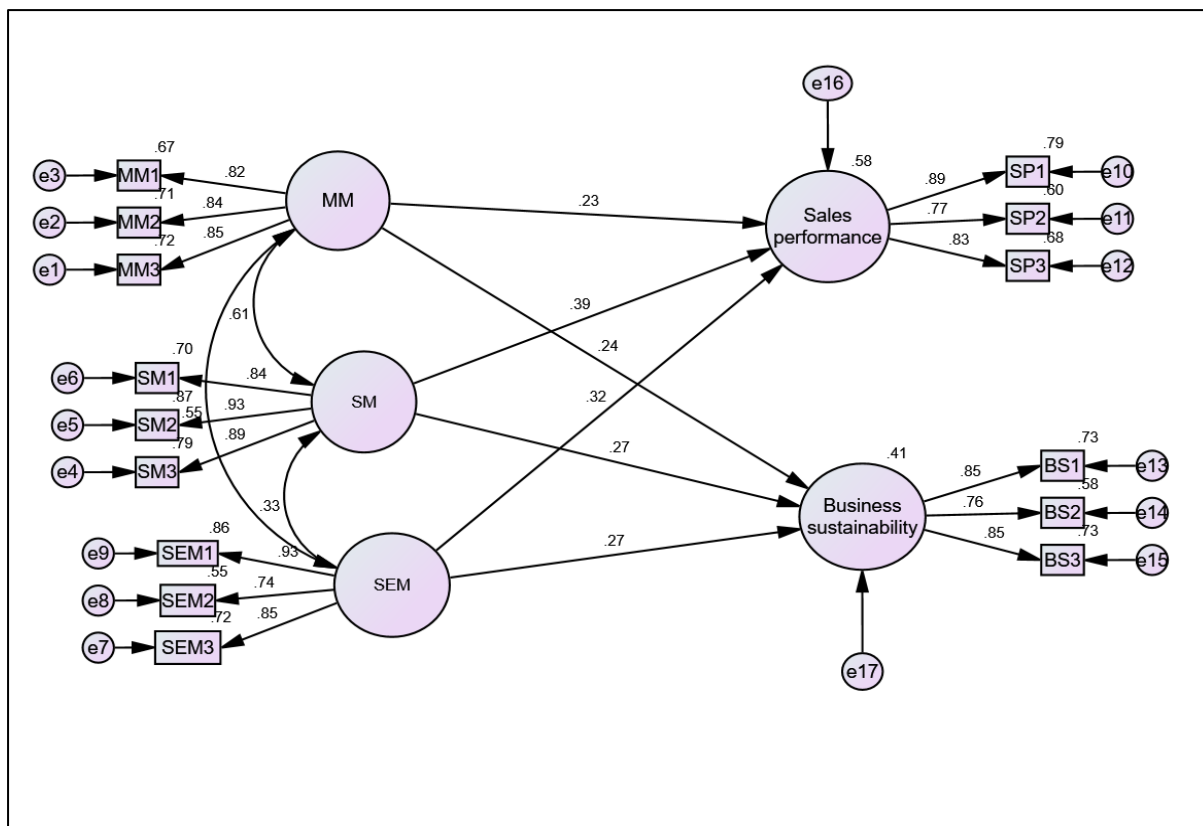
The descriptive statistics of various statements related to predictor variables mainly: mobile marketing, social-media marketing and search engine optimization indicates all the values of mean are above 3 inferred agreements of respondents for these statements. Similarly, dependent variables measured using sales performance and business sustainability having mean values above 3 with standard deviation values near 1.

The above table also mentioned Cronbach's alpha values for research constructs, as per Nunnally (1978) the alpha value above 0.7 indicates reliability of data. For the current study alpha value is higher the threshold value of 0.7 ranging from **0.861 to 0.915**.

Structural Equation Modelling (SEM) for hypothesis testing:

SEM is multivariate techniques where the structural model shows the link between the latent variables or constructs that the research model hypothesised. For the current study mobile marketing (MM), social-media marketing (SM) and Search engine marketing (SEM) were considered as exogenous variable and their impact was tested on sales performance and business sustainability of MSMEs (endogenous variables).

Figure 2: SEM model- casual structure



Note: Here; MM-Mobile marketing, SM- Social-media marketing, SEM- Search engine marketing

Table 3: Path coefficients of the Structural model

Outcome variable		Independents Variables	C.R.	P	Regression weights	Hypothesis
Sales performance	<---	Mobile marketing	2.343	.019	0.227	Supported
Sales performance	<---	Social-media marketing	4.771	***	0.392	Supported
Sales performance	<---	Search engine marketing	4.113	***	0.321	Supported
Business Sustainability	<---	Mobile marketing	2.199	.028	0.243	Supported
Business Sustainability	<---	Social-media marketing	2.967	.003	0.274	Supported
Business Sustainability	<---	Search engine marketing	3.027	.002	0.268	Supported

Note: P refers to the differential probability. ***: $p < 0.000$

The data shown in Table 3 and Figure 2 are utilised for hypothesis testing. If the crucial ratio (t value) was more than 1.96 and the probability of a false discovery was less than 0.05 at the 5% level of significance, then the null hypothesis would be accepted. Standardized regression weights for the routes or relationships between independent and dependent variables are represented by the path coefficients. The magnitude of an independent variable's effect on a

dependent variable is proportional to the square root of its beta value (the standardised regression weights).

The results showed that mobile marketing had a favourable and substantial effect on MSMEs' sales performance ($\beta = 0.227$, $p = 0.019$). Therefore, H1a was accepted as the null hypothesis because the p value was less than 0.05.

Similarly, the influence of social media marketing ($\beta = 0.392$, $p = 0.000$) and search engine marketing ($\beta = 0.321$, $p = 0.000$) on sales performance is positive and statistically significant. These pathways have t-values more than 1.96 and p-values less than 0.05, supporting hypotheses H1b and H1c.

In addition, the study studied the effect of three marketing strategies on the business sustainability of micro, small, and medium-sized enterprises (MSMEs), and the results supported the favourable effect of digital marketing practises on company sustainability, hence supporting hypothesis H2. The path from mobile marketing to business sustainability has a beta value of 0.243 with a p-value of 0.028, demonstrating the validity of hypothesis H2a.

With $\beta = 0.274$, $p = 0.003$ (p value 0.05), social media marketing has a considerable impact on business sustainability, as indicated by H2b ($\beta = 0.274$, $p = 0.003$; p value 0.05). Likewise, this effect of search engine marketing on firm sustainability is substantial as $\beta = 0.268$, $p = 0.002$, so H2c is accepted.

Moreover, the generated R square value of 0.58 as presented in Figure 2 depicted that digital marketing practices (mobile marketing, social-media marketing and search engine marketing) accounted for 58% of the variation in sales performance. The R square value for business sustainability is 0.41 indicates 41% of variance explained by three digital marketing practices. performance leaving 61.2% unexplained (error term). Thus, it can be concluded that digital marketing had moderate positive effect on performance of MSMEs

Discussion & Implications:

In this research, we examined the impact of various forms of digital marketing on the performance of small and medium-sized enterprises. This research looks at how some MSMEs are using digital marketing and provides case studies of their methods. According to the findings, using these three forms of digital marketing can significantly improve the financial health of a small or medium-sized enterprise (SME). Social media advertising is the most reliable indicator of future success. Numerous studies have investigated the effects of various types of digital advertising on commercial success. This study's findings are in line with previous research. Mobydeen (2021) investigated the effects of many types of digital marketing, including email, social media, mobile phone, and website promotion, on the success of businesses.

These findings are significant because they show that MSMEs may benefit from digital marketing in any of its forms and that its goals are realistic to pursue. This research is useful for all managers, chief executive officers, and directors of MSMEs. In order to increase the company's profits, owners and managers are urged to embrace a wide range of digital marketing tactics. The success of a business and its ability to generate profits is directly related to the marketing tactics that are employed.

The results indicate that employing a variety of social media channels to disseminate a company's message to a large population is very efficient. It was also suggested that apps like Instagram and WhatsApp may be used to stay in touch with customers.

Conclusion

There are several digital marketing options available to small and medium-sized businesses (SMBs). WhatsApp, Twitter, Instagram, and Telegram are all on the list, along with websites, electronic mail, SMS, SEO, social networking sites, microblogging platforms, and other micromessaging apps. According to the findings, not a single one of the MSME owners surveyed makes use of every available digital marketing platform at once. The three most popular social media platforms currently are Facebook, WhatsApp, and Instagram. When compared to other digital channels, social media platforms like Facebook, Instagram, and WhatsApp generate the highest ROI.

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