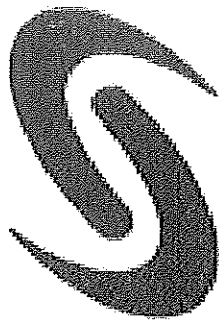


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"A Study on Feasibility of Digital Marketing for Small and Medium Enterprises"

***Kiran L. Maney**

****A. Sindhuja**

*****Dr. Soney Mathews**

***Associate Professor and Research Scholar**

****Associate Professor, Jain University**

*****Associate Professor, INTI International University**

Abstract

Today is the era of information technology. The dependency on technology in all aspects of work and personal life has made the marketers to adopt different means to reach out to their tech savvy consumers. The concept of digital marketing has witnessed an accelerated growth over the past decade. Digital marketing is a technique of marketing which embraces the use of devices such as smart phones, personal computers, tablets and cell phones to connect with customers. The reduced expenses and the eventual high Return on Investment provided by digital marketing is inducing a larger number of companies to resort to this marketing practice. Small and Medium enterprises who do not have sufficient access to funds to outlay for convention means of promotion such as print, television, personal selling could benefit the most by implementing this technique. Although incorporating digital marketing techniques appears to be very straightforward, for SMEs there are various intricacies and challenges in its adoption. These intricacies emerge on account of the unique business models embraced by the SMEs of diverse sectors.

This research paper highlights the understanding and feasibility of adopting digital marketing techniques by SMEs in India. The outcome of the study presents the benefits that would be conferred on the SMEs in India which would enable them to capitalise on the advantages of digital marketing

Key Words: Digital marketing, SMEs, Return on Investment, Information Technology

1. Introduction:

India has been witnessing a tremendous growth of technology over the past two decades. The opening of Indian economy in 1991 has accelerated this growth and today we see effects of the same. Today is the world of digital media and is changing dynamically. The World Wide Web has changed the platform of communication to the broader audience. Digital technology is no longer restricted to tech savvy companies or people, it is been integrating into ordinary's man's life predominantly. The evolution of technology has also changed the way marketers communicate, connect, interact, network with their customers on the global scale. This has contributed drastically the change in the way people choose and buy products. The increase in purchasing online by an ordinary individual is the evidence of shift of customers approach towards digital marketing.

Digital marketing techniques facilitate the marketer to interact with the consumers, giving the power to share information and knowledge of the products in real time. Digital marketing is a technique of marketing which embraces the use of devices such as internet, smart phones, personal computers, tablets and cell phones to connect with customers. Adoption of digital marketing techniques simplifies and brings the customers closer to the company.

Small and Medium Enterprises (SME's) significantly contribute to the Indian economy. They play a prominent role in generating local job opportunities at the low skill level to a large extend. SME's have always focused on conventional marketing techniques and targeted domestic market. The percentage of companies exploring global market is increasing SME's have been mushrooming in Bangalore city over the past decade. Online marketing for SMEs can help them in creating a competitive edge. It is more of a mandate for them to employ innovative and advanced digital marketing techniques not for just promoting and giving information about the company and its product portfolio, but also to get a platform to interact with the company's

customers and build a profitable network of relations with them. A study conducted by a marketing research firm Ascend2 believes that most businesses that e-mail is the most effective form of internet marketing. The researchers believed that the success of e mail marketing is attributed to the ease with which it is conducted. The other marketing tactics which businesses believe could be successful include websites and blogs, search engine optimization (SEO) and social media. Mobile marketing and e-commerce marketing are considered as the least effective forms of marketing. However, adoption of digital marketing techniques is still a challenge for SME's. SMEs lack knowledge on the strategies to be adopted to effectively use digital marketing techniques. These include only using company websites and paying less attention to social media such as Facebook, Twitter, LinkedIn and Google Plus. Consumers use these sites to obtain information about their favourite products and services and any company that fails to use these sites will be leaving many potential customers behind. Another concern which is overlooked by SMEs is not paying adequate attention to SEO. SEO refers to search engine optimisation, which is the process of making the company's site easy for search engines to find and making sure that the company's site and related details are highly ranked in the search engine results for the keywords or search terms that are related to the SME's business and its products/services.

There are a number of factors which go in to creating a successful SEO campaign for the website – such as making use of keyword rich content and building incoming links – but all SMEs should understand the basic principles of SEO in order to help augment the image of their website online.

2. Review Of Literature

Prof. Jay.Y .Trivedi had proposed to study the Marketing Strategies of Small and Medium Enterprises. These include: Creation of own websites by SMEs which should be constantly updated, trying to explore a large number of ways of posting advertisements through the internet, increasing the use of mobile applications as a tool, redoubling efforts on the feedback mechanism by way of responses through interactive social media and company website, maintaining a track of lead and prospective customers on whom information is more easily available from interaction through the digital medium.

Prof. Vasanth Kiran, Dr. Moushmi Majumdar and Prof. Krishna Kishore highlight the innovative marketing strategies that could be adopted by Small and Medium Enterprises. The paper theorized that in the light of increased competition and the resulting increase in bargaining power of customers, SMEs have to adopt an integrated approach towards business strategy which combines business and marketing insights, brand positioning, process and management and operational marketing. The paper highlighted the importance of SME's to understand the market well in terms of pricing, positioning, location, competitors and market behaviour. The brand positioning of the SMEs should be such that the products are imbibed strongly in the minds of customers.

Prof. Sirisa Neti ventures to understand the concept of social media marketing, its benefits to companies and its unprecedented growth in the last five years has been introspected into. The pervasiveness of social media has been substantiated with instances quoted about the companies such as Dunkin Doughnuts, General Motors and BMW having used social media to facilitate their brand building and improve their customer outreach. The paper has also highlights the prevalence of social media in India from the context of companies such as Microsoft, Shaadi, MTV, etc that are operating in India.

Prof. O.S Ibiduni and Dr O.J.K Ogundele probed on the impact of competition on Small and Medium Enterprises (SMEs) in Nigeria. The variables that were studied include the effects of competition on the firm's life cycle, gains effected on SMEs due to their Resource Advantage, nature of competition which most favoured the SME's survival and the extent of the SMEs influence on industry sales. The research was carried out by administering a well-structured questionnaire and by way of hypothesis testing.

PROF. NODUKOSI DIOGLO and PROF. MAMMAL DHURUP propounded the Drivers of E-Marketing adoption by Small and Medium Enterprises in South Africa. The research was carried out by distributing questionnaires. The descriptive statistics were arrived at on parameters such as ease of use, external pressure such as competition which compels usage, resource availability and compatibility in adoption of E-marketing techniques by the SMEs. Out of the total population in the survey, 115 respondents were Small enterprises and 8 respondents were Medium enterprises. The papers' findings concurred with the position that E marketing adoption was multi-dimensional and effectiveness depended on the business sector to which the firm belonged to.

3. Objectives of the study:

- To understand the digital marketing techniques adopted by SMEs in India to promote and create awareness.
- To evaluate the feasibility and effectiveness of varied digital marketing techniques by SMEs
- To analyse the trends in growth as a result of adopting digital marketing techniques with reference to Return on Investment for digital marketing.

4. Methodology of the study:

The research was carried by way of exploratory study using survey method to understand the feasibility of digital marketing techniques for small and medium enterprises. A further research was also carried out to study the most apt combination of digital techniques which would be compatible for these enterprises. This research study was undertaken in Bangalore during the period January 2015 and a sample size of 35 respondents was selected for the purpose of the study. The research study was targeted at enterprises which included retail, beauty parlour, consultants and cab services. Convenience sampling technique was adopted for identifying the respondents. The primary data was collected by administering a well – structured questionnaire in which only closed ended questions were used. The data was collected and administered over telephone and distribution of the questionnaire personally. The questionnaire was structured mostly on aspects such as budget, effectiveness, prevalence of usage of the popular digital marketing techniques. With the options that were relevant for each question. A five point Likert's scale of levels of difficulty (Very difficult, difficult, Neutral, Easy, Very Easy) was used. The data collected was collated and tabulated for analysis in accordance of the objectives of the study. The score of 5 points was used to represent the options on ROI on adoption of DM techniques. The score of 5 was used to represent ROI above 100% while the score of 1 was used for ROI less than 20%. The average total score was calculated in relation to total respondents for further analysis.

Findings & Analysis

The primary data collected using questionnaire was tabulated, analysed and interpreted. In the first part of analysis the percentage analysis was used to study general profile of the respondents. And, the second part included the Percentage analysis for understanding the feasibility of adoption various digital marketing technique, the challenges and difficulty were analyzed. The Consumer awareness, ROI, future increase in budget for adopting these digital marketing techniques was observed, the data tabulated and calculated to infer the most appropriate and effective technique to be adopted by SME.

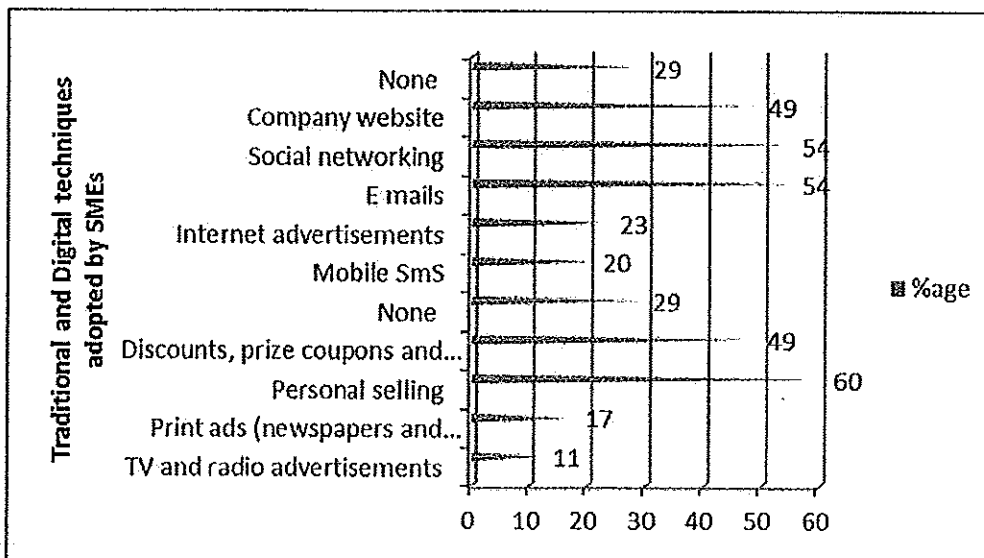
Table 5.1: General Profile of Respondents (N = 35)

	Classification	No. of Respondents	Percentage
Gender	Male	28	80
	Female	7	20
	Total	35	100
Age Group	Less than 25 yrs	0	0
	26 - 30 yrs	6	17
	31 - 35 yrs	6	17
	36 - 40 yrs	4	11
	41 yrs & above	19	54
	Total	35	100
Marital Status	Single	11	31
	Married	24	69
	Others	0	0
	Total	35	100
Type of Business	Food Chain	0	0
	Retail stores	14	40
	Beauty Parlor/ Salon	2	6
	Consultancy	17	49
	Taxi and cabs	2	6
	Total	35	100
Initial Investment in capital and machinery	Less than 10 L	15	43
	10L – 2 Cr	18	51
	2 Cr – 5 Cr	2	6
	Total	35	100
Source: Primary Data			

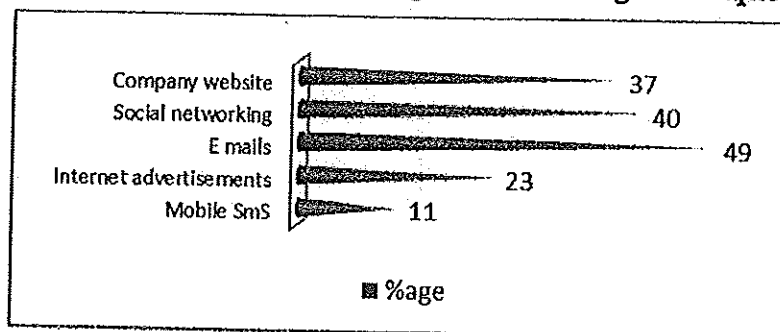
The Table No. 5.1 shows that 7 respondents (20%) were females and 28 respondents (80%) were male, None of the respondents were in the age group of less than 25 yrs, 6 respondents (17%) were in the age group of 26 – 30 yrs, 6 respondents (17%) were in the age group of 31–35 yrs, 4 respondents (11%) were in the age group of 36–40 yrs, 19 respondents (54%) were in the age group of 41 yrs and above. None of the respondents were into Food chain business, 14 respondents (40%) were into Retail Stores business, 2 respondents (6%) were into Beauty Parlour/Salon business, 17 respondents (49%) were into consultancy and 2 respondents (6%) were into Taxi and Cabs service business. Initial investment in capital and machinery by the respondents were 15 respondents (43%) was less than 10 Lakhs, 18 respondents (51%) had invested in between 10 – 2 Cr and 2 respondents (6%) had invested 2 Crore to 5 Crore in capital and machinery investment. The table depicts that 51% of the respondents were Medium enterprises.

Table 5.2	Marketing Techniques	Nos	%age
Traditional based	TV and radio advertisements	4	11
	Print ads (newspapers and magazines)	6	17
	Personal selling	21	60
	Discounts, prize coupons and sales promotion	17	49
	None	10	29
Digital based	Mobile SMS	7	20
	Internet advertisements	8	23
	E mails	19	54
	Social networking	19	54
	Company website	17	49
	None	10	29

Chart No. 5.1 – The Traditional and Digital Marketing techniques adopted by SMEs.



The Chart 5.1 indicates traditional and digital marketing techniques adopted by SMEs. Personal selling, discount price coupons and sales promotion are more preferred traditional marketing techniques. The objective of the study was to identify the Digital Marketing techniques adopted by SMEs and the study reveals that Mobile SMS, Internet, Emails, Social networking and Company website are the digital marketing techniques adopted by the SMEs. The Chart 5.1 indicates the high usage of Email, Social networking and company websites and less usage of Mobile SMS and Internet advertisements among the digital techniques.

Chart 5.2 – The effective digital marketing techniques adopted by SMEs**Table 5.3 – The effective digital marketing techniques adopted by SMEs**

Effective technique of DM	Nos	%age
Mobile SMS	4	11
Internet advertisements	8	23
E mails	17	49
Social networking	14	40
Company website	13	37

The table 5.3 indicates the effective digital marketing techniques adopted for creating awareness. Though all the Digital Marketing techniques were adopted by the SMEs the effectiveness of each technique varied. Sending Mobile SMS to the customers were felt not so effective in their stream of business (Retail, Consultancy, Beauty Parlour and Taxi Cabs). The objective of the study was to find the effectiveness of the varied digital marketing techniques adopted by SMEs and the study revealed that percentage of usage of Email, social networking and company website were more effective.

Table 5.4: The challenges faced by SMEs in adoption of Digital Marketing Techniques

Challenges	Nos	%age
Cost of DM technique	2	6
Unavailability of professional technicians	21	60
Ineffectiveness on the target customers	7	20
Lack of knowledge on digital techniques	11	31
Lack of standard pricing for digital techniques	17	49
Difficulty in measuring the effectiveness	13	37

The SMEs face various challenges in adoption of Digital Marketing Techniques. One of the objectives of the research paper was to study the feasibility of adopting digital marketing techniques by SMEs. Few of the challenges faced by the SMEs in adopting these DM techniques were identified based on the discussions with industry experts. The study revealed that unavailability of professional technicians was the major challenge. The lack of standard pricing was considered as more challenging than the cost of DM technique by the SMEs. The cost indicating that though the SMEs were willing to invest in the DM techniques there is lack of standardized pricing for these techniques. The Table 5.3 depicts that Emails, Social Media networking and company website were most preferred technique and were feasible for small businesses.

Table 5.5	Increase in ROI due to adoption of DM techniques					Total Score value	Relative Score
	0 to 20%	20-40%	40-60%	60-100%	above 100%		
Mobile SMS	7(20)	0	0	0	0	7	0.2
Internet Advertisement	4(11)	0	6(17)	0	0	22	0.6
Emails	0	11(31)	6(17)	0	0	40	1.1
Social Networking	0	13(37)	4(11)	0	2(6)	48	1.4
Company Website	10(29)	7(20)	0	0	2(6)	34	1.0

The above table 5.4 depicts increase in ROI due to adoption of DM techniques. The objective of the study was to evaluate the trends in growth with reference to ROI and the study revealed that ROI in DM techniques was above 20% for the techniques except for Mobile SMSs which was considered below 20%. The table shows that highest score was for Social Networking indicating that Return of Investment due to adoption of Social media networking is high comparatively higher to other DM techniques. The ROI on Mobile SMS is least ranked with an average relative score of 0.2, the SMEs could focus more on adopting Email, Company website and Social networking for high ROI.

Table 5.6	Difficulty in adopting DM							
	Very Difficult	Difficult	Neutral	Easy	Very Easy	Total	Average Score	Average Score rank
Mobile SMS	8(23)	4(11)	11(31)	0	0	25(100)	2.04	1
Internet Advertisement	2(6)	15(43)	4(11)	4(11)	0	25(100)	2.4	2
Emails	0	4(11)	6(17)	8(23)	5(14)	25(100)	3.64	4
Social Networking	4(11)	0	2(6)	13(37)	6(17)	25(100)	3.68	5
Company Website	2(6)	6(17)	4(11)	9(26)	4(11)	25(100)	3.28	3
Note: Figures in Parenthesis are in percentage				Source: Primary data				

The SMEs adopting the Digital marketing techniques associate Mobile SMS as very difficult technique to be adopted. Social Media marketing is ranked highest indicating the very easy technique that could be adopted.

Table 5.7	Small Enterprises		
Digital media	Preferred usage	Effective technique	Rank
Mobile SMS	4 (11)	4 (11)	5
Internet Ads	8 (22)	6 (17)	3
E mails	8 (22)	8 (22)	2
Social networking	9 (26)	11 (31)	1
Company website	8 (22)	2 (6)	4

The table 5.5 depicts the preferred usage of digital techniques by small enterprises only and its correlated effectiveness reveals that most of the Small Enterprises prefer Social networking and are of the opinion that it is the most effective technique. This could be attributed to the fact that Social networking acts as a word of mouth which eventually brings in awareness and publicity about the company. Small enterprises have least preference in company website, this could be attributed to the fact that the pricing not been standardized in website development and maintenance.

Conclusion

Most of the SMEs adopt both the digital and traditional marketing techniques. However there are few SMEs who still adopt only the traditional marketing techniques. The study reveals that Small and Medium Enterprises embrace more frequent usage of Email, Social networking and company websites in comparison to other digital techniques such as Mobile SMS and Internet advertisements. This could be because the ROI on mobile SMS is least and are also found to be very difficult to adopt and also ineffective in terms of reach. The three digital media mentioned above are documented to have a higher degree of effectiveness and are also relatively easier to adopt. Social networking in particular contributes to a high Return on Investment. Although extremely appealing, the usage of digital marketing technique is constrained by certain short comings which include lack of availability of professional technicians and lack of standardised pricing for the techniques.

Limitations of the Study and Scope for Further Research

The study was constrained to Bangalore City, Karnataka. Hence the findings cannot be generalised to other regions. However, there is further scope for conducting research on the impact of digital marketing techniques on SMEs located at any other specific geographical region. The study was limited to sectors like beauty salons, consultancies, travel services and hence cannot be generalised to other sectors belonging to SMEs. The study is limited to a sample size of 35 SMEs. There is further scope for conducting a detailed study in each sector. Due to time and cost factor only few techniques of digital marketing were considered for this study. However, there is tremendous scope for detailed study on each digital marketing technique. There is further scope for conducting research in evaluating the feasibility of digital marketing techniques exclusively for the small scale sector or the medium scale sector. Government involvement in standardization of pricing in digital marketing can be explored in detail for the benefit of the SMEs.

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