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Adoption of Digital Marketing Among MSMEs in Coimbatore: An Empirical Study

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ABSTRACT

World is drastically changing and everything is moving towards digitalization, companies are also shifting to online modes to market their businesses. There are many digital marketing channels available to marketers like Search Engine Marketing, Search Engine Optimization, Email marketing, Mobile Marketing, Content Marketing, Social Media Marketing etc., Large business organizations are utilizing the digital marketing platforms. Since the digital marketing channels are cost effective, they have tremendous reach and immediate response making them suitable for MSMEs as well. There are some research studies which are conducted to study the awareness and usage of digital marketing among MSMEs in foreign countries. However, in Indian scenario these studies are very limited in number. Hence, this study is an attempt to identify whether MSMEs in Coimbatore have been able to identify the potential of Digital Marketing and how much they are utilizing that technology towards their promotional activities.

Introduction

Marketing refers to the activities of a company associated with buying and selling a product or service. It includes advertising, selling, and delivering products to people. Digital marketing is the marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media. Digital marketing extends beyond internet marketing to include channels that do not require the use of the internet.

Digital marketing is the marketing of products or services using digital technologies, mainly on the internet including mobile phones, display advertising, and any other digital medium. Digital marketing development has greatly changed the way brands and businesses use technology for marketing since 1990s and 2000s. Philip Kotler defines Digital marketing as “a form of direct marketing that links consumers with sellers electronically using interactive technologies like emails, websites, online forums and newsgroups, interactive television, mobile communications etc.,

Why digital marketing

Since consumer behaviour has changed in today's world, companies must leverage the benefits of technology by using digital marketing. Digital marketing facilitates more benefits both for the companies and customers. It is a medium which facilitates two-way Communication – consumers decide what brands they want to interact with. Using digital marketing it is possible for marketers to precisely target their audience – based on age, location, gender, income, interest, behaviour, CRM data etc. Moreover, digital marketing is a level playing field and does not require big budgets; small and medium business can also leverage. The outcome from digital marketing is easily measurable and calculation of ROI is simple. It provides real time instant feedback. Digital marketing enables the consumers to have zero moment of truth i.e., before physically seeing or using the product, customer can experience the zero moment of truth through online by seeing the product online, by reading the reviews etc., All the above have facilitated the use of digital marketing by companies for promoting their products.

Digital Marketing Channels

Digital marketing includes various channels like:

- Email Marketing— sending mails to the leads/customers using the collected databases for selling, promotion or after sales services
- Pay Per Click – it is a paid advertising channel where the advertiser will pay the publisher for each click
- Search Engine Optimization – it is an organic form of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine.
- Search Engine Marketing – it is a paid form of increasing the visibility of website in search engine result pages
- Digital Display ads - Display advertising is a type of online advertising that comes in several forms, including banner ads, rich media and more
- Content Marketing - Content marketing is a form of marketing focused on creating, publishing, and distributing content for a targeted audience online
- Affiliate marketing - Affiliate marketing is a type of performance-based marketing in which a business rewards

one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts.

- Social Media Marketing - Social media marketing is the use of social media platforms and websites to promote a product or service.
- Mobile marketing -Mobile marketing is a multi-channel online marketing technique focused at reaching a specific audience on their smart phone, tablets, or any other related devices

MSMEs in Coimbatore

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the overall industrial and economic development of a nation. The basic classification of Micro, Small and Medium Enterprises is classified in the following table 1:

MSMEs in Coimbatore

Coimbatore is a major commercial and business hub in the state of Tamil Nadu. Coimbatore is one of the industrially developed and commercially vibrant districts of Tamil Nadu. Historically, it had been famous for the textile mills in the entire South India with the presence of textile mills dated back to late 19th century. However, over the years, other industrial sectors such as pump

& motors, foundry, light engineering, wet grinder, electronic products, IT/ITES, and gold jewelry etc have witnessed substantial growth.

Table 1 :

Sector	Manufacturing	Services	New Classification
	Investment Limit		Annual Turnover
	Investment in Plant & Machinery	Investment in equipments	
Micro	Upto 25 lakhs	Upto 10 lakhs	Not more than 5 crores
Small	Above 25 lakhs to 5 crores	Above 10 lakhs to 2 crores	more than 5 crores but less than 75 crores
Medium	Above 5 crores to 10 crores	Above 2 crores to 5 crores	more than 75 crores and less than 250 crores

Registered MSMEs in Coimbatore (Udyog Aadhaar Memorandum)

	Total	Micro	Small	Medium
Units registered	11316	9412	1866	38
Manufacturing	6027	4883	1123	21
Service	5289	4529	743	17

How can MSMEs benefit from digital marketing?

Since the main advantage of digital marketing is that it is a level playing field. It does not require big budget. So even the Micro, small and medium enterprises also can leverage the benefit of digital marketing. Online media as a marketing tool is far more cost effective than traditional marketing instruments. MSMEs do not have the kinds of funds at their disposal that big firms do to spend on traditional marketing. Digital marketing provides an effective alternative to generate awareness in a way that was not feasible even a few years ago. Given the extremely high levels of Internet and smartphone penetration and Facebook use in the region, MSMEs can really benefit from digital marketing.

Review of Literature:

Since digital marketing is an emerging field, there are only few empirical research studies conducted by researchers all over the world.

The following table represents some of the research reports conducted on digital marketing collected from various databases like Ebsco and Springer:

Name of the author	Year	Title of the study	Major Findings
Nagla Rizk	2004	E-Readiness Assessment of Small and Medium Enterprises in Egypt: A Micro Study	Conducted a study to assess the e-readiness of a group of SMEs in the textile sector in Egypt. The study assessed firms' level of connectivity, awareness, and usage of ICTs in marketing, production and management. Field research was conducted on a sample of 36 firms specialized in textile. The study identified that SMEs surveyed are low on their e-readiness because of the low level of their e-infrastructure, and also because of serious barriers related to awareness and human capital
European Commission Report	2013	Use of Social Media by European SMEs	This report examined social media use by small and medium-sized enterprises (SMEs). It employed a mixed-method approach, including a survey of 600 SMEs in six EU Member States, to gather insights from various sources. For example, 61% of SMEs currently use social media. Those SMEs that use social media appear to be better off financially than those that don't; although not necessarily in manufacturing. For SMEs that use social media, concerns about their employees' behavior constitute the main barrier to continuing this use. SMEs that use social media are more aware of their benefits than those that don't.
Nobukhosi Dlodlob & Professor Manillal Dhurup	2013	Drivers of E-Marketing Adoption among Small and Medium Enterprises (SMEs) and Variations with Age of Business Owner	A Study was conducted with an objective to identify the drivers of e-marketing adoption by SMEs in South Africa. A random sample of 123 SMEs were drawn. Perceived ease of use (PEOU), external pressure, mission, job performance, resource availability and compatibility were found to be the significant drivers of e-marketing adoption. The analysis present marketers with strategies to amplify internet technological adoption.

Boumediene Ramdani	2014	SMEs' adoption of enterprise applications: A technology organization-environment model	The study aimed to empirically explore the TOE (technology-org -environment) factors influencing small to medium-sized enterprises' (SMEs') adoption of enterprise applications. Direct interviews were used to collect data from a random sample of SMEs located in the northwest of England. Using partial least squares (PLS) technique, 102 responses were analyzed. The study provided a model that can predict SMEs' adoption of EA
Mohd Irwan Dahnil	2014	Factors Influencing SMEs Adoption of Social Media Marketing	The purpose of the paper was to review the academic literature on factors that drive social media marketing adoption in SMEs and organization. Comparatively there is little research that has focused on the social media. Internal factors such as users and individual has been identified as a main contributor that affect the adoption. For SMEs, it is valid to include factors such as managerial and organizational.
Gazal Singh	2015	A Study on Digital Marketing adoption among MSMEs In Western Uttar Pradesh	The research work is concerned with the adoption of Digital Marketing among MSMEs in II and III tier cities. They developed a model to identify the relationship between environmental, organizational, technical, and individual factors on adoption of Digital Marketing
Bilha Achieng	2016	How SMEs Are Using Online Marketing to Improve Their Competitiveness in Kenya: A Case Study Of Tembea East Africa Safaris	Research study to identify to what extent Tembea Kenya has used online marketing; What factors have influenced the use of online marketing by Tembea Kenya; and what strategies can Tembea Kenya employ to ensure effective use of online marketing in Kenya. Study conducted among the employees of Tembea. The adoption of online marketing is primarily driven by the nature of the company's business industry. The external pressure from its competitors, suppliers and customers has driven the company's adoption of online marketing. Also, limited resources has hindered the company from gaining the benefits of online marketing.
Fabian Eggers, Isabella Hatak, Sascha Kraus, and Thomas Niemand	2017	Technologies That Support Marketing and Market Development in SMEs—Evidence from Social Networks	This research investigates antecedents of social network usage in SMEs and respective performance outcomes. The results show that entrepreneurial orientation is positively related to social network usage in SMEs. Social network usage is not directly related to SME growth; yet it mediates the relationship between entrepreneurial orientation and SME growth

From the above literature it is clear that there are few research studies conducted on the usage of technology by MSMEs in their business. But there are very few studies conducted on the usage of digital marketing by MSMEs. Hence this study is conducted with an objective to identify the usage of digital marketing by MSMEs and to identify the factors responsible for the adoption of digital marketing by MSMEs.

Objectives of the study:

The study was conducted with the following objectives

- To study the present usage level of digital marketing among MSMEs in Coimbatore
- To know the different digital marketing tools used by MSMEs
- To find the effective digital marketing platform for MSMEs
- To understand the purpose and use of Digital marketing by MSMEs
- To identify the factors affecting the adoption of digital marketing

Methodology:

The study is empirical in nature and trying to identify the usage of digital marketing by MSMEs in Coimbatore. The scope of the study is restricted to MSMEs

operating in Coimbatore. The primary data was collected using a Questionnaire which was designed using Google forms and all the responses were obtained through online mode. Secondary data was collected from various websites, databases and journals. Convenience sampling was used to select the samples from different MSMEs from Coimbatore. Mostly the responses were obtained from reference companies. In current study the data was collected from 150 MSMEs in Coimbatore during Sep–Nov 2019. The data was analyzed using simple percentage analysis and multiple response analysis.

Analysis and Results

The data was collected from 150 respondents and analysed using simple percentage analysis and multiple response analysis.

Simple percentage analysis

Simple percentage analysis was done to identify the profile of the MSMEs. Respondents were asked to provide the category of business, extent of usage of digital marketing, whether they own website and what percentage of their overall marketing activity of their business is digital. The following tables are indicating the distribution of respondents on the basis of the profile of the company:

Category of business

S. No	Category of business	No. of respondents	Percentage of respondents
1	Micro	36	24
2	Small	66	44
3	Medium	48	32
	Total	150	

It is inferred that 44 percent of companies are small, 32 percent are medium, and 24 percent are micro companies:

Extent of usage of digital marketing

S. No	Extent of usage of digital marketing	No. of respondents	Percentage of respondents
1	Very great extent	30	20
2	Great extent	57	38
3	Low extent	57	38
4	Very low extent	6	4

It is inferred from the above table that, 38 percent of companies are using digital

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marketing to a great extent and 38 percent are using low extent, 20 percent are using for very great extent and 4 percent use it for very low extent.

Owning website

S. No	Owning Website	No. of respondents	Percentage of respondents
1	Yes	99	66
2	No	51	34

It is inferred from the above table that, 66 percent of the companies selected for the study have their own website and 34 percent does not have their own website.

What percentage of the overall marketing activity of your business is digital?

S.No	What percentage of the overall marketing activity of your business is digital	No. of respondents	Percentage of respondents
1	0-20	24	16
2	21-40	15	10

3	41-60	81	54
4	61-80	15	10
5	81-100	15	10

It is inferred from the above table that, 54 percent of the companies selected for the study said 41-60 percent of their marketing activities are digital, 16% said 0-20 percent, 10% said 21-40, 61-80 and 81-100 percentage.

Multiple response analysis

Different digital marketing channels that companies use are:

S. No	Tools	Number of respondents	Percentage of respondents
1	SEO – Search Engine Optimization	51	14.3%
2	Email – Email Marketing	87	24.4%

3	SMM – Social Media Marketing	105	29.4%
4	PPC – Pay per Click	21	5.9%
5	DDA - Digital Display Ads	30	8.4%
6	Mobile – Mobile Marketing	63	17.6%

The multiple response analysis reveals that 14.3 percent uses search engine optimization, 24.4 percent uses email marketing, 29.4 percent of respondents uses social media marketing, 5.9 percent uses pay per click, 8.4 percent uses digital display ads and 17.6 percent uses mobile marketing. It could be concluded that 29.4 percent of responses use social media marketing and only 5.9 percent of respondents uses pay per click.

Opinion regarding the effectiveness of digital marketing platforms for their business?

S. No	Digital marketing	Effectiveness	No. of respondents	Percentage of respondents
1	SEO	Low effective	6	4
		Quite Effective	27	18
		Very Effective	93	62
		Extremely effective	24	16
2	Email Marketing	Low effective	18	12
		Quite Effective	39	26
		Very Effective	63	42
		Extremely effective	30	20
3	Social media marketing	Low effective	0	0
		Quite Effective	27	18
		Very Effective	78	52
		Extremely effective	45	30
4	PPC	No idea	78	52
		Not at all	18	12
		Low effective	6	4
		Quite Effective	24	16
		Very Effective	9	6
		Extremely effective	15	10
5	DDA	No idea	66	44
		Not at all	12	8

		Low effective	6	4
		Quite Effective	36	24
		Very Effective	12	8
		Extremely effective	18	12
6	Mobile marketing	No idea	21	14
		Low effective	6	4
		Quite Effective	12	8
		Very Effective	60	40
		Extremely effective	51	34

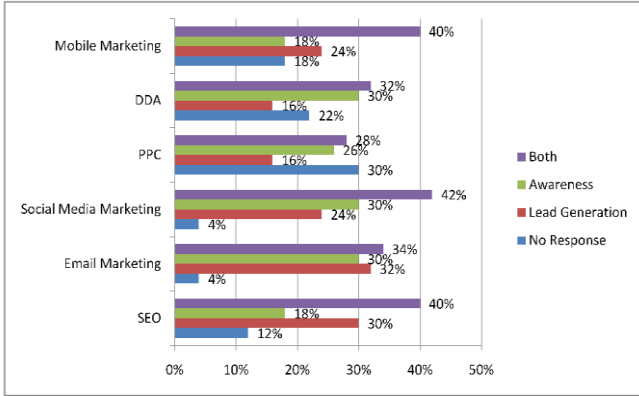
From the above analysis regarding the effectiveness of digital marketing platform search engine optimization, 4 percent felt low effective, 18 percent felt quite effective, 62 percent felt very effective and 10 percent felt extremely effective. Regarding email marketing, 12 percent felt low effective, 26 percent felt quite effective, 42 percent felt very effective and 20 percent felt extremely effective. Regarding social media marketing, 18 percent felt quite effective, 52 percent felt very effective and 30 percent felt extremely effective. Regarding pay per click, 0 percent felt low effective, 18 percent felt quite effective, 52 percent felt very effective and 30 percent felt extremely effective.

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Regarding Digital display ads, 44 percent said no idea, 8 percent said not at all, 4 percent felt low effective, 24 percent felt quite effective, 8 percent felt very effective and 12 percent felt extremely effective. Regarding Mobile marketing, 14 percent said no idea, 4 percent felt low effective, 8 percent felt quite effective, 40 percent felt very effective and 34 percent felt extremely effective. Among the different digital marketing channels, 62 percent felt SEO is very effective and 52 percent felt social media marketing is very effective.

Purpose of using Digital marketing platform for business

From the above chart it can be inferred that, 40 percent of respondents said they are using



SEO for both lead generation and creating awareness, 34 percent of respondents said they are using email marketing for both purposes, 42 percent said they are using social media marketing for both, 30 percent of respondents did not say why they use PPC and 32 percent of respondents said they use Digital display advertising for both the purpose and 40 percent said they use mobile marketing for both the purposes of creating awareness and lead generation.

Do you think your investment in digital marketing activities will increase in future?

S.No	Investment will increase	No. of respondents	Percentage of respondents
1	Yes	132	88
2	No	18	12

From the above table, it is inferred that 88 percent of respondents felt investment in digital marketing activities will increase in future and 12 percent felt the investment will not increase.

What are the factors, you consider will affect your digital marketing activities – Multiple response analysis

S.No	Social Media Tools	Number of respondents	Percentage of respondents
1	Lack of Budget	51	15.2%
2	Lack of Time / Resources	66	19.6%
3	Lack of Knowledge	45	13.4%
4	Lack of effective measurement	42	12.5%
5	Competition	69	20.5%
6	Creativity	63	18.8%

About 15.2 percent of the respondents felt lack of budget will be main factor that will affect their digital marketing activities, 19.6 percent felt lack of time/resources is the

factor, 13.4 percent felt lack of knowledge, 12.5 percent felt lack of effective measurement, 20.5 percent felt competition and 18.8 percent felt creativity is the main factor that will affect their digital marketing activities. 20.5 percent of respondents felt competition is the main factor and 12.5 percent felt lack of effective measurement is the factor that will affect their digital marketing activities.

Which of the following will play major role in digital marketing in the coming years?

S.N	Social Media Tools	Number of respondents	Percentage of respondents
1	Artificial Intelligence	120	28.8%
2	Programmatic Advertising	66	15.8%
3	Video Marketing	69	16.5%
4	Influencer Marketing	42	10.1%

5	Social Messaging Apps	66	15.8%
6	Social Media Stories	54	12.9%

The above table indicates that 28.8 percent of respondents feel artificial intelligence will play major role in digital marketing in coming years, 15.8 percent felt programmatic advertising will play major role, 16.5 percent felt video marketing, 10.1 percent felt influencer marketing. 15.8 percent felt social messaging apps and 12.9 percent felt social media stories play major role in digital marketing in the coming years. 28.8 percent of respondents felt artificial intelligence play a major role in digital marketing in the coming years.

Findings and Discussion:

Data analysis from 150 respondents regarding the adoption of digital marketing among MSMEs in Coimbatore revealed that, as far as the present level of usage is concerned, about 58 percent of MSMEs selected for the study uses digital marketing either great extent/very great extent. The main digital marketing tools used by

MSMEs are social media marketing & email marketing. Under social media marketing most of the companies use LinkedIn and twitter for their digital marketing activities. According to the respondents, the effective digital marketing platform is social media marketing. About 82 percent of respondents opined that social media marketing is effective for their business. The main purpose why MSMEs use digital marketing is for creating awareness and lead generation. The main factors affecting the adoption of digital marketing among MSMEs is competition and lack of time/resources. The results are demonstrating that most of the MSMEs in Coimbatore are aware of digital marketing channels and they consider usage of digital marketing is beneficial for them in improving their business. About 88 percent of respondents opined that their investment in digital marketing will increase in coming years. Although, the money is not an issue since digital marketing does not require heavy investment like traditional media, however the main problem or challenge they face in adoption of digital marketing is competition and lack of time/resources. So, people with digital marketing skills can have good opportunity in the coming days and

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they can utilize these opportunities to support the MSMEs in helping them for their digital marketing initiatives and to improve the business.

Limitations of the study

The main limitation of the study is that since digital marketing is an emerging field, limited empirical literature is available about the use of digital marketing among MSMEs. Data collection is also a real challenge. The study was conducted among the MSMEs in Coimbatore only; hence the findings may not be generalized.

Conclusion

The results of the study are helpful in identifying the adoption of digital marketing among MSMEs in Coimbatore. The usage of digital marketing among the MSMEs in Coimbatore is identified. According to the study, the main digital marketing tool used by MSMEs in Coimbatore is Social Media Marketing especially LinkedIn and Twitter. This research may be the base for doing further research on digital marketing adoption by MSMEs by using the technology adoption model

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