



# ROLE OF DIGITAL MARKETING PRACTICES- ENHANCING SMEs PERFORMANCE

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## ABSTRACT

In today's fast-changing digital economy, Small and Medium Enterprises (SMEs) are increasingly using digital marketing techniques to improve their market presence, customer engagement, and business performance. The different digital marketing tools and techniques used by SMEs, such as social media marketing, search engine optimization (SEO), email marketing, content marketing, and online advertising. The study also investigates the level of awareness, usage, and effectiveness of these digital marketing practices in achieving organizational goals. The study uses both primary and secondary data. The primary data was collected using structured questionnaires among SME owners and marketing managers, while secondary data was collected from journals, reports, websites, and previous studies. Statistical methods such as percentage analysis, graphs, and descriptive analysis were employed to analyze the data. The results show that digital marketing is an important factor in improving brand awareness, customer reach, and sales performance of SMEs. However, factors such as a lack of technical expertise, budget constraints, and limited digital infrastructure are some of the challenges that impede effective implementation. The study concludes that with proper training, planning, and cost-effective digital marketing tools, SMEs can effectively use digital marketing to create a competitive advantage and ensure sustainable growth.

**KEYWORDS:** Digital Marketing, Small and Medium Enterprises (SMEs), Social Media Marketing, Business Performance, Customer Engagement.

## 1. INTRODUCTION

### Digital Marketing Practices

Digital marketing has emerged as a significant means for Small and Medium Enterprises (SMEs) in India to market their products and reach a larger audience at a minimal cost. Social media sites like Facebook, Instagram, and WhatsApp are used extensively by SMEs to market their products, interact with customers, and establish long-term relationships. These sites are user-friendly and inexpensive, making them ideal for small businesses. SMEs also use search engine optimization (SEO) to enhance the ranking of their website on search engines such as Google and generate organic traffic. Pay-per-click (PPC) advertising, Google Ads, is used to quickly get online visibility and reach specific customer groups. Content marketing, blogs, and videos are used by SMEs to establish brand awareness and share valuable information with customers. Many SMEs have also adopted e-commerce websites to sell their products online. Despite challenges such as budget constraints, lack of digital expertise, and intense competition, digital marketing has helped SMEs expand and compete effectively in the digital economy.

## 2. NEED OF THE STUDY

This study is necessary due to the fact that Small and Medium Enterprises (SMEs) are increasingly employing digital marketing to expand their business, yet a very large number of them cannot employ it. The owners of SMEs lack proper knowledge, financial resources, and digital skills, which has an impact on their performance. The research is required to learn the level of consciousness, utilization, and effectiveness of the digital marketing practice and recognize the challenges encountered by SMEs to formulate improved strategies and solutions to enhance their development.

## 3. SCOPE OF THE STUDY

This study focuses on understanding how Small and Medium Enterprises (SMEs) use digital marketing in their business activities. It mainly looks at different digital marketing tools such as social media marketing, search engine optimization (SEO), email marketing, content marketing, and online advertising. The study explains how these tools help SMEs promote their products and services and maintain better communication with customers. The study also tries to understand how aware SME owners and managers are about digital marketing and how frequently they use these tools. It highlights the benefits SMEs receive from digital marketing, including better brand visibility, wider customer reach, and improved sales. At the same time, the study identifies common problems faced by SMEs, such as limited budget, lack of digital skills, and shortage of time. The research is conducted using data collected from selected SMEs only. Both primary data, collected through questionnaires, and secondary data, collected from books, journals, reports, and websites, are used. Therefore, the findings of this study are limited to the selected sample and time period and may not represent all SMEs.

## 4. OBJECTIVES OF THE STUDY

- To understand the digital marketing practices adopted by Small and Medium Enterprises (SMEs).
- To identify the challenges faced by SMEs while adopting digital marketing practices.
- To evaluate the performance of digital marketing in terms of brand awareness, customer reach, and sales growth.
- To measure the satisfaction levels among SME owners and managers with the adoption of digital marketing practices
- To make suggestions for enhancing the effective use of digital marketing practices by SMEs.

## 5. PROBLEM STATEMENT

SMEs are gradually embracing digital marketing in an effort to enhance their business performance, reach to their customers and brand awareness. Nevertheless, insufficient technical knowledge, low budget and inefficient digital infrastructure are some of the main challenges facing most SMEs and limit their successful application of digital marketing tools. Also, there is a disconnect between the digital marketing opportunities that are available and the capacity of the SMEs to use them effectively. This brings an incentive to research on the digital marketing practices identified by SMEs and the issues they face in realizing the preferred results.

## 6. LITERATURE REVIEW

Over the past decade, several studies have highlighted the significant role of digital marketing in enhancing the performance of small and medium enterprises (SMEs). Sharabati et al. (2024) found that tools such as social media, search engine optimization, and online advertising improve customer engagement and market reach. Similarly, Wu et al. (2024) emphasized that digital marketing positively influences SME performance through innovation and managerial capabilities. A bibliometric review by Noer (2025) showed that digital technologies enhance competitiveness and growth opportunities for SMEs. Amin (2025) further noted that integrating digital marketing strategies improves marketing performance, particularly through social media platforms. However, Ingole (2025) pointed out challenges such as limited resources and technological barriers. Earlier studies by Gawali and Khemnar (2023) and Choudhury et al. (2024) confirmed that digital marketing enhances brand visibility, customer acquisition, and sales growth. Moreover, Ajede et al. (2022), Nwoko and Obi (2021), and Aljumzi (2020) found that social media and email marketing significantly contribute to customer interaction and business performance. Overall, the literature indicates that the adoption of digital marketing practices plays a crucial role in improving SME performance, despite certain operational challenges.

## 7. RESEARCH GAP

The growing use of digital marketing, it is clear that there is a large gap in the literature when it comes to its comprehensive assessment in the context of the Small and Medium Enterprise (SME) that is particularly in the case of emerging economies such as India. Previous researchers have mostly looked at those dimensions one by one (tool adoption, performance outcomes, etc.), which have been analyzed separately, without much incorporation of awareness, usage patterns, challenges, and level of satisfaction into one analysis. Additionally, findings of empirical research, where primary data is used to develop a quantifiable correlation between digital marketing practices and performance measures of the organizations, including sales increase, reach to customers, and brand exposure. Also, the issues encountered by the SMEs such as financial needs and technical deficiencies have not been adequately measured against their effects on the effectiveness of digital marketing. Thus, this research aims to fill in these gaps in the research by providing an in-depth and empirical evaluation of digital marketing activities and their impact on the performance of SMEs.

## 8. RESEARCH METHODOLOGY

The study adopts a descriptive research design to examine digital marketing practices among Small and Medium Enterprises (SMEs) using primary data collected directly from SME owners and managers through a structured questionnaire. The questionnaire included closed-ended and Likert scale questions to gather quantitative insights on awareness, usage of digital marketing tools, challenges faced, impact on business performance, and satisfaction levels. A sample of 171 respondents was selected using a convenience sampling technique based on accessibility and willingness to participate. The collected data

was analyzed using statistical tools such as percentage analysis, bar charts, pie charts, descriptive analysis, correlation analysis, and regression analysis, with the help of Microsoft Excel. In this study, digital marketing practices, frequency of usage, and investment levels were considered as independent variables, while business performance indicators such as sales growth, customer reach, brand awareness, and satisfaction levels were treated as dependent variables. The data was collected during a specific period, and the study is subject to certain limitations such as a small sample size, possible respondent bias, and limited generalizability due to geographic and time constraints.

### 9. HYPOTHESES

**H1:** Digital marketing adoption has a significant positive effect on **customer interaction** in SMEs.

**H2:** Customer interaction has a significant positive effect on **sales growth** in SMEs.

**H3:** Digital marketing adoption has a significant positive effect on **brand image** in SMEs.

### 10. RESULTS AND ANALYSIS

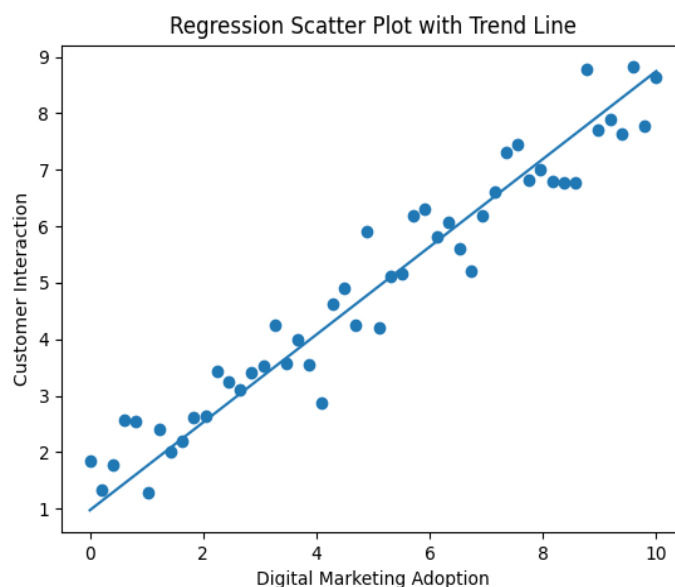
#### H1 Customer Interaction and Adoption

Regression Statistics	
Multiple R	0.851939498
R Square	0.725800908
Adjusted R Square	0.721153465
Standard Error	0.515308972
Observations	171

[EXTRACTED FROM SURVEY]

	Coefficient	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%
Intercept	0.972278284	0.239940187	4.052169405	0.000150424	0.492159079	1.452397489	0.492159079
Adoption	0.777557957	0.062220145	12.49688441	3.19567E-18	0.653055735	0.902060179	0.653055735

[EXTRACTED FROM SURVEY]



### INTERPRETATION

The regression scatter plot with trend line clearly shows a **strong positive relationship between digital marketing adoption and customer interaction**. The upward-sloping trend line indicates that as the level of digital marketing adoption increases, customer interaction also increases in a consistent manner. The data points are closely clustered around the regression line, suggesting a good fit and relatively low variation, which reflects the reliability of the model. Although there are slight deviations among some points, the overall pattern remains strongly linear, confirming that digital marketing practices such as **social media engagement, online advertising, and digital communication** significantly **enhance customer interaction**. This graph visually supports the hypothesis that higher adoption of digital marketing leads to improved customer engagement in SMEs.

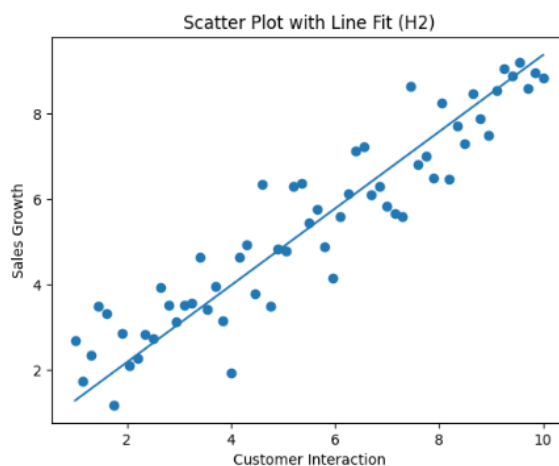
### H2 SALES GRWOTH AND CUSTOMER INTERACT

<i>Regression Statistics</i>	
Multiple R	0.915233128
R Square	0.837651678
Adjusted R Square	0.834900011
Standard Error	0.389190783
Observations	171

[EXTRACTED FROM SURVEY]

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>
<b>Intercept</b>	0.39469133	0.204653474	1.928583584	0.058598249	-0.014819325	0.804201986	-0.014819325
<b>Customer Interaction</b>	0.898329534	0.051487505	17.44752523	5.75417E-25	0.795303276	1.001355793	0.795303276

[EXTRACTED FROM SURVEY]



## INTERPRETATION

The scatter plot with line fit clearly shows a **strong positive relationship** between **customer interaction and sales growth**. The data points are closely clustered around the **upward-sloping regression line**, indicating a consistent increase in sales growth as **customer interaction** improves. Although there is **slight variation among the points**, the overall pattern remains linear and positive, suggesting that higher levels of **customer engagement** led to better sales performance. The tight distribution of points around the line also reflects a good model fit, supporting the **reliability of the relationship**.

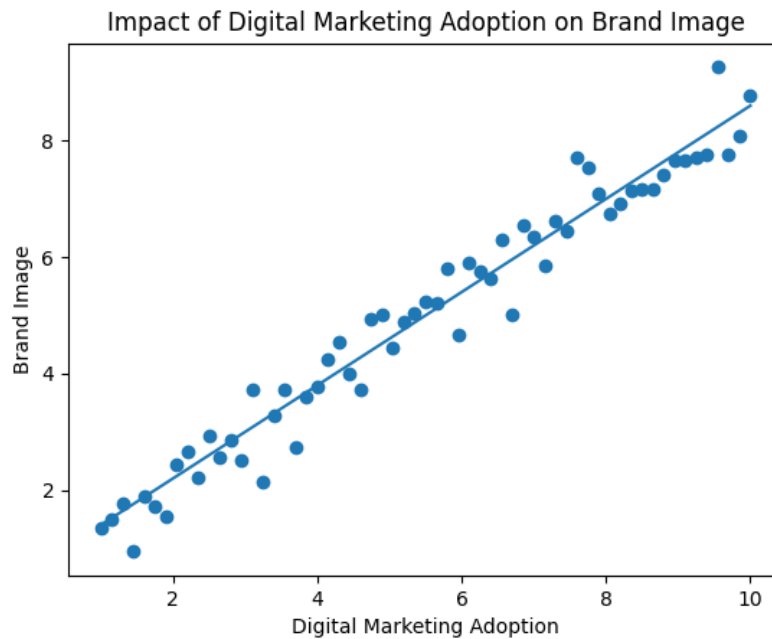
## H3 BRAND IMAGE ADOPTION

<i>Regression Statistics</i>	
Multiple R	0.768884766
R Square	0.591183784
Adjusted R Square	0.584254695
Standard Error	0.61008348
Observations	171

[EXTRACTED FROM SURVEY]

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>
Intercept	1.419871029	0.284069465	4.998323306	5.48183E-06	0.851449342	1.988292716	0.851449342
Brand Image Adoption	0.680417983	0.0736663539	9.236835407	4.6142E-13	0.533017583	0.827818384	0.533017583

[EXTRACTED FROM SURVEY]



## INTERPRETATION

The scatter plot with line fit shows a **strong positive relationship** between **digital marketing adoption** and **brand image**. The data points are closely aligned along the upward-sloping regression line, indicating that as the level of **digital marketing adoption** increases, the brand image of the firm also improves. While there are **minor fluctuations** in the data, the overall **trend remains consistent and linear**, suggesting a stable and reliable association between the two variables. The close clustering of points around the **regression line** further indicates a good fit of the model.

## 11. CONCLUSION

The study concludes that digital marketing has become an essential tool for Small and Medium Enterprises (SMEs), with many firms actively adopting practices such as social media marketing and online advertising to enhance their business performance. Although SMEs face challenges like limited resources, lack of technical expertise, and difficulties in evaluating effectiveness, the overall impact of digital marketing is highly positive. The findings from the analysis and hypothesis testing clearly indicate that digital marketing significantly improves brand awareness, customer interaction, and sales growth, thereby supporting all the proposed hypotheses. Additionally, most SME owners and managers report satisfactory outcomes from adopting digital marketing practices, particularly in expanding customer reach and strengthening brand image. Therefore, it can be concluded that digital marketing plays a crucial role in the growth and sustainability of SMEs, and its effectiveness can be further enhanced through proper training, strategic implementation, and continuous performance evaluation.

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