

Enhancing Sales Performance and Business Sustainability of MSMEs through Digital Marketing Practices

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Abstract

This study aims to investigate the effect of digital marketing variables on sales performance and business sustainability. This study employs quantitative methodologies and employs Structural Equation Modeling for data analysis. The procedure for selecting samples using convenience sampling techniques. 227 MSMEs respondents in the Andhra Pradesh State were provided online questionnaires, and the returned questionnaires were reviewed. Data analysis reveals that digital marketing had a positive and significant effect on the sales performance and business sustainability. There are many different channels that can be utilized for digital marketing, such as the web, search engine optimization (SEO), social media, and others. According to the findings, one of the digital channels that is utilized the most frequently by MSMEs is social media. And describe the results of a rise in the number of sales made by SMEs. The findings of this study can help MSME actors improve their business performance by focusing on aspects of MSME digitization and MSME entrepreneurs' financial literacy.

Keywords: Digital Marketing, Mobile Marketing, Social Media Marketing, Search Engine Marketing, Sales Performance, Sustainability.

Introduction:

In the rapidly evolving business landscape of the 21st century, Micro, Small, and Medium Enterprises (MSMEs) hold a significant position as drivers of economic growth and innovation. With the transformative power of the internet, digital marketing practices have emerged as indispensable tools for these enterprises to bolster their sales performance and ensure long-term sustainability. In this dynamic field of

marketing, staying informed about customers, the marketplace, and the overall environment is essential for today's marketing executives. One such vital aspect of marketing is Internet Marketing (IM), which involves promoting and selling goods and services over the internet. The advent of electronic commerce and the internet has revolutionized how products are bought and sold, giving rise to the concept of "electronic commerce" or e-commerce, which facilitates trade entirely through online platforms. Digital marketing, as a subset of e-commerce, aims to revolutionize the promotional and advertising methods available, effectively attracts the attention of potential customers.

The primary goal of digital marketing is to provide businesses, both small and large, with new avenues to promote their products and services on the internet. By leveraging digital marketing, advertisers can reach potential customers anytime and anywhere, ultimately driving business growth, improving performance, and enhancing competitiveness. For small businesses, digitalization holds immense potential as it enables them to attract new customers and retain existing ones through effective digital marketing and social media strategies.

Research studies have highlighted that digitalization plays a pivotal role in the success of small and medium-sized enterprises (SMEs) by simplifying customer engagement and interaction. Digital platforms offer an easy and efficient means for SMEs to connect with their target audience, evoke emotions, and facilitate seamless customer transactions. As a result, digital marketing has become a crucial tool for companies aiming to achieve their desired goals, such as effective audience targeting and impactful customer interactions. In light of the growing complexity of the digital landscape, this study aims to explore the influence of digital marketing practices on the sales performance and business sustainability of MSMEs. By delving into the impact of specific strategies like mobile marketing, social media marketing, and search engine marketing, we seek to unravel the factors that contribute to the success of MSMEs in the digital realm. Through comprehensive research and analysis, this study endeavors to provide valuable insights that will empower MSMEs to adapt, innovate, and capitalize on the transformative power of digital marketing. As we embark on this research journey, we hope to contribute to the broader understanding of digital marketing's role in shaping the future of MSMEs, propelling them toward greater success and prosperity in the dynamic world of e-commerce.

Literature Review:

Building a company's brand and increasing website traffic are two crucial objectives for any business, and achieving both can be made possible

through online advertising (Song, 2001). In recent times, digital marketing has replaced traditional and outdated methods of promotion, presenting an opportunity to revitalize the economy and enhance government operations (Munshi, 2012). With over 4.5 billion internet users worldwide as of March 2020, the internet's impact and speed have significantly grown, leading to a shift from traditional communication methods to online platforms.

Digital marketing's effectiveness lies in its ease of use, navigability, and speed, which are considered key marketing characteristics for companies relying on digital technology to generate revenue (Kanttila, 2004). As human needs and shopping behaviors continue to evolve, businesses must adapt to changing consumer demands and ensure timely delivery of goods and services to maintain a competitive edge (Pencarelli, 2020). Failing to keep up with rising consumer demands may result in losing current competitive advantages (Ungerman, Dedkova & Gurinova, 2018), necessitating the establishment of stringent new rules and regulations for traditional marketing to thrive in the digital economy (Midha, 2012).

Digitization represents a fundamental shift in traditional marketing activities (Caliskan, Ozen & Ozturkoglu, 2020), making it challenging to maintain a competitive advantage in today's market due to the social and behavioral shifts brought about by technological advancements (Vidili, 2020). To sustainably increase digital sales and leverage them as a distinct competitive advantage, strategic sales decisions must be made with a customer-centered approach in mind (Zhu & Gao, 2019).

E-commerce has become a prominent form of digital marketing, causing traditional retailers without an online presence to face the consequences of this upward trend. Businesses transitioning from traditional to digital marketing must execute this integration effectively (Dong, 2018). Sustainable digital sales can serve as a competitive advantage for companies, necessitating a market positioning strategy that considers operational sales processes and the surrounding environment (Chaffey & Smith, 2012). The 5S of Internet marketing (Sell, Serve, Speak, Save, Sizzle) highlights the crucial elements such as sales, service, communication, savings, and brand creation, essential for any business embracing digital marketing.

Online marketing offers several advantages, including economic pricing, targeted demographics, convenience, and the ability to research products and services before purchasing (Durmaz & Efendioglu, 2016). Utilizing social media channels for digital marketing enables small businesses to engage with customers in innovative ways while saving costs. Amidst intense competition, small and medium-sized businesses

(MSMEs) can effectively respond to customer needs and enhance operations through digital technologies, resulting in benefits for both customers and businesses (Foroudi et al., 2017).

Objectives:

1. To assess the impact of digital marketing practices on the sales performance of Micro, Small, and Medium Enterprises (MSMEs).
2. To evaluate the influence of digital marketing practices on the business sustainability of MSMEs.

Hypothesis:

Hypothesis 1 (H1): Digital marketing practices significantly influence the sales performance of MSMEs.

H1a: Mobile marketing has a significant impact on the sales performance of MSMEs.

H1b: Social media marketing has a significant impact on the sales performance of MSMEs.

H1c: Search engine marketing has a significant impact on the sales performance of MSMEs.

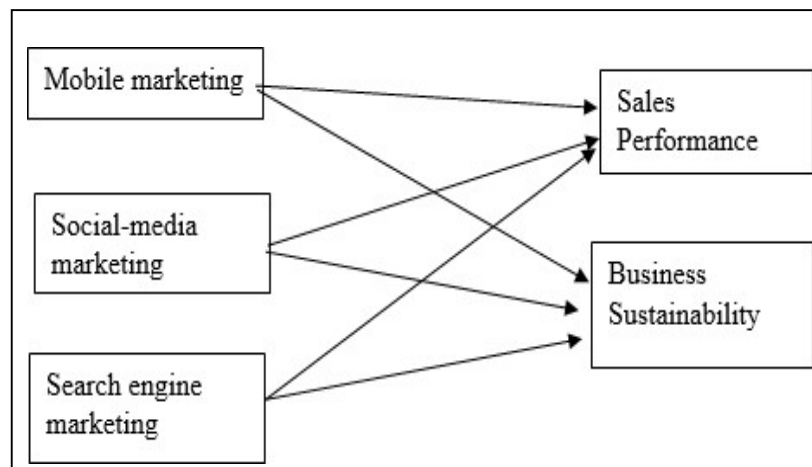
Hypothesis 2 (H2): Digital marketing practices significantly influence the business sustainability of MSMEs.

H2a: Mobile marketing has a significant impact on the business sustainability of MSMEs.

H2b: Social media marketing has a significant impact on the business sustainability of MSMEs.

H2c: Search engine marketing has a significant impact on the business sustainability of MSMEs.

Figure 1: Conceptual framework:



Research Methodology:

This study employed a exploratory survey as its primary research method. In order to gather information from the study population, the researcher employs a questionnaire as a research instrument. Based on previous research and relevant literature, we devised this research instrument (Wanjiru Mobydeen, 2021). The questionnaire was prepared using google docs and link of the same was forwarded to MSMEs managers/ CEO and other higher officers involve in digital marketing formulation and implementations. The first part of the questionnaire consists of demographic details such as gender, age, occupation, education and type of business etc. The second part of the survey contains questions related to dependent and independent variables of the study. The respondents were asked to give their responses on 5-point Likert scale, where 1-indicate strongly disagree and 5- strongly agree. The selection of the respondents from different MSMEs of Andhra Pradesh State was based on judgement and convenience sampling. 242 questionnaire was returned and after data screening the questionnaire with missing information was discarded and finally 227 responses were selected for data analysis.

Data Analysis (Statistical treatment methods):

Both SPSS 24 and AMOS were used to analyse the combined participant and survey data. Descriptive statistics summaries the study's variables using means and standard deviations. The reliability of the data was measured using Cronbach's alpha. The hypotheses were tested using structure equation modelling (SEM).

Results:**Table 1: Details of respondents and MSMEs:**

Measures	Items	Percentage(%)
Gender	Male	87
	Female	13
Age	Below 24	3
	25-30	64
	30-35	10
	35-40	21
	40 & above	6
Education	Secondary	3
	Undergraduate	53
	Postgraduate	26
	Others	18

Occupation	Business	74
	Salaried	17
	Others	9
Type of business	Micro	12
	Small	42
	Medium	56
Activities of business	Manufacturing	47
	Transport	3
	Construction	7
	Trade & commerce	6
	Service	25
	Others	12

Table 2: Descriptive and reliability of the constructs

Sl.No.	Items	Mean	Standard deviation	Cronbach's alpha
1	MM1	3.32	0.894	0.864
2	MM2	3.45	0.965	
3	MM3	3.45	0.941	
4	SM1	3.47	1	0.914
5	SM2	3.36	0.974	
6	SM3	3.41	0.967	
7	SEM1	3.19	0.938	0.874
8	SEM2	3.18	0.909	
9	SEM3	3.18	0.946	
10	SP1	3.45	0.947	0.863
11	SP2	3.44	0.964	
12	SP3	3.62	0.872	
13	BS1	3.29	0.979	0.864
14	BS2	3.38	0.946	
15	BS3	3.37	0.921	

Most of the items in the questionnaire received mean scores ranging from 3.3 to 3.5, indicating a moderate level of agreement with the statements. The standard deviations reveal some variability in responses across the sample. Moreover, the Cronbach's alpha values for certain constructs (MM1, SM1, SEM1, SP1, and BS1) indicate good internal consistency, indicating that the items within these constructs effectively measure the same underlying concept. It is important to highlight that the study has provided valuable insights into how respondents perceive the impact of digital marketing practices on the sales performance and business sustainability of MSMEs. These results can serve as a basis for

further analysis and decision-making to improve the digital marketing strategies of MSMEs, leading to enhanced performance and sustainability.

The table also presents the Cronbach's alpha values for the research constructs, with values above 0.7 indicating data reliability, as suggested by Nunnally (1978). In the current study, the alpha values surpass the threshold of 0.7, ranging from 0.863 to 0.915, further confirming the reliability of the data.

Table 3: Results for construct reliability, validity and correlation coefficients

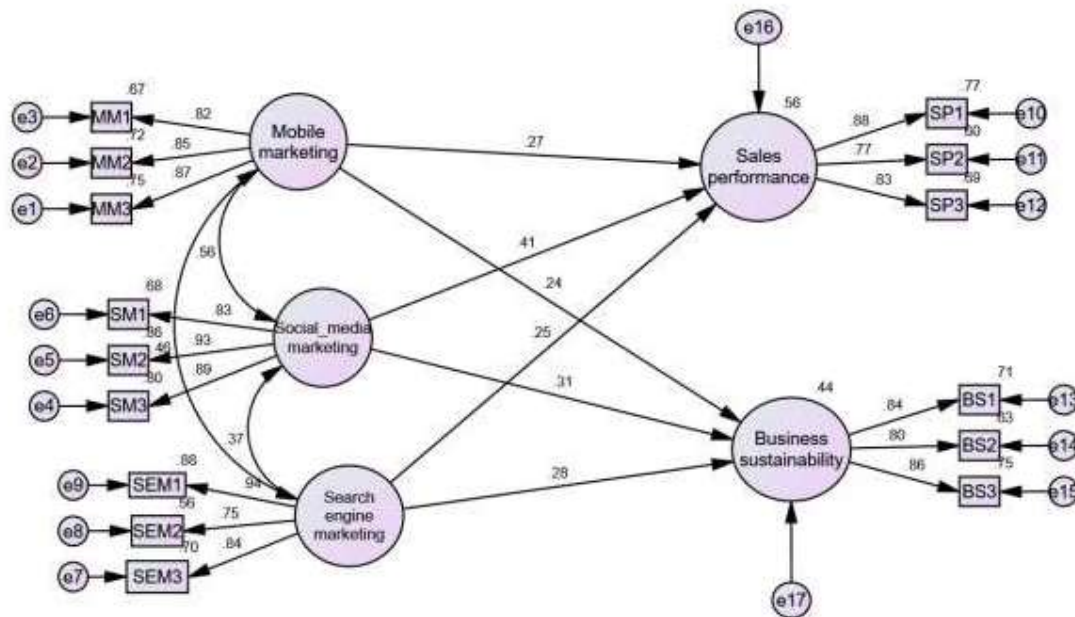
Construct	CR	AVE	MSV	Correlations				
				Mobile marketing	Social Media marketing	Search Engine marketing	Sales performance	Business sustainability
Mobile marketing	0.883	0.715	0.382	1				
Social Media marketing	0.915	0.782	0.432	.560**	1			
Search engine marketing	0.880	0.712	0.278	.464**	.372**	1		
Sales performance	0.868	0.687	0.432	.618**	.657**	.527**	1	
Business sustainability	0.873	0.697	0.305	.546**	.552**	.505**	.409**	1

** : Correlation significance <0.01

We have used the cutoff of AVE values greater than 0.5 to determine if our measurements are reliable in this investigation. As shown in Table 3, we have also checked for convergent validity by making sure all observed variables were properly loaded into their designated constructions. Finally, we used the Fornell and Larcker (1981) criterion to evaluate the discriminant validity. Using this criterion, we compared the maximum shared variances (MSV) to the AVE values across all constructions. The requirement for discriminant validity is met because all AVE values are larger than MSV.

3. Structural Equation Modelling (SEM) for hypothesis testing:

SEM is a type of multivariate analysis in which the structural model depicts the hypothesised relationship between constructs or latent variables. In this study, we examined the effect of the exogenous variables—mobile marketing, social-media marketing, and Search engine marketing—on the endogenous variables—sales performance and company sustainability among micro, small, and medium-sized enterprises.

Figure 2: SEM model- casual structure**Table 4: Path coefficients of the Structural model**

Outcome variable		Independents Variables	C.R.	P	Regression weights	Hypothesis
Sales performance	<---	Mobile marketing	3.588	***	0.271	Supported
Sales performance	<---	Social-media marketing	5.781	***	0.410	Supported
Sales performance	<---	Search engine marketing	3.788	***	0.245	Supported
Business Sustainability	<---	Mobile marketing	2.855	.004	0.237	Supported
Business Sustainability	<---	Social-media marketing	4.091	***	0.313	Supported
Business Sustainability	<---	Search engine marketing	3.868	***	0.275	Supported

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

The table presents the results of the hypothesis testing for the relationships between the dependent variable (Sales performance and Business Sustainability) and the independent variables (Mobile marketing, Social-media marketing, and Search engine marketing).

For Sales performance, all three independent variables (Mobile marketing, Social-media marketing, and Search engine marketing) show statistically significant relationships with the outcome variable. The critical ratios (C.R.) are all above the threshold, indicating strong

evidence to support the hypotheses. The p-values (P) are denoted by asterisks (***) and are less than 0.001, indicating a highly significant relationship. The regression weights represent the standardized regression coefficients, and they reveal the magnitude of the impact of each independent variable on the sales performance. Mobile marketing has a regression weight of 0.271, Social-media marketing has a regression weight of 0.410, and Search engine marketing has a regression weight of 0.245.

For Business Sustainability, all three independent variables (Mobile marketing, Social-media marketing, and Search engine marketing) also exhibit statistically significant relationships with the outcome variable. The critical ratios (C.R.) are above the threshold, supporting the hypotheses, and the p-values (P) are indicated by asterisks (***) and are less than 0.05, signifying a highly significant relationship. The regression weights for Business Sustainability are 0.237 for Mobile marketing, 0.313 for Social-media marketing, and 0.275 for Search engine marketing.

In conclusion, the results provide robust evidence that all three digital marketing practices (Mobile marketing, Social-media marketing, and Search engine marketing) have a positive and significant impact on both Sales performance and Business Sustainability of the organizations under study. Figure 2 also shows that digital marketing strategies (mobile marketing, social media marketing, and search engine marketing) accounted for 56% of the variance in sales performance, indicating that these strategies are significantly more influential than chance. The three digital marketing strategies explained 44% of the variation in firm sustainability, as measured by the R-squared statistic.

Discussion & Implications:

The present study investigated the impact of various digital marketing practices on the performance of MSMEs. Specifically, the research focused on mobile, social media, and search engine marketing as the chosen digital marketing strategies utilized by selected MSMEs. The study's findings strongly supported that these three digital marketing practices have a positive and significant influence on both the sales performance and business sustainability of MSMEs. Notably, social media marketing emerged as the most influential predictor of success.

Previous research has also explored the effects of different digital marketing methods on company success, and the results of this study align with those earlier findings. For instance, Mobydeen (2021) studied the impact of several digital marketing strategies, including email marketing, social network marketing, mobile phone marketing, and website marketing, on corporate performance.

The implications of these findings are noteworthy as they demonstrate that MSMEs' performance is indeed impacted by various forms of digital marketing, and the objectives of digital marketing can be achieved. For MSME managers, CEOs, and directors, these findings hold practical value. The study recommends utilizing different digital marketing practices effectively to enhance business performance since each marketing practice affects sales performance and business sustainability differently.

The study's results highlight the remarkable impact of social media marketing, suggesting that MSMEs should leverage various social media platforms, such as Facebook, Twitter, and YouTube, to effectively reach a broader customer base. Additionally, the use of other social media platforms like Instagram and WhatsApp is recommended to maintain close connections with customers.

In this research, we thoroughly explored the profound impact of digital marketing practices on the sales performance and business sustainability of Micro, Small, and Medium Enterprises (MSMEs). The findings unequivocally demonstrate that embracing digital marketing strategies can be a transformative force, empowering MSMEs to thrive in today's hyper connected world. Through our investigation, it became evident that MSMEs actively embracing digital marketing outperform their competitors in terms of sales growth and long-term viability. By using digital marketing, these businesses can reach a wider audience, engage with customers on a personal level, and derive data-driven insights, leading to significant advantages.

The adoption of digital marketing practices has leveled the playing field for MSMEs, allowing them to compete with larger corporations. These cost-effective and targeted solutions enable MSMEs to establish their presence in the market and even outperform industry giants in certain areas. Moreover, digital marketing not only boosts sales performance but also fosters business sustainability by cultivating brand visibility, customer loyalty, and engagement, resulting in stable revenue streams and repeat business, ensuring continuous growth and success.

However, it is essential to acknowledge the challenges and obstacles that MSMEs may encounter during the adoption of digital marketing practices. Limited resources, lack of expertise, and the need to measure ROI effectively can present hurdles along the way. Yet, with careful planning and a clear strategy, these challenges can be overcome, and the benefits of digital marketing fully realized.

As we conclude this research, it is evident that digital marketing is not a mere trend but an integral component of a successful business strategy in the digital age. MSMEs that embrace this transformative approach

position themselves to capitalize on the myriad of opportunities available in the digital realm.

For MSMEs seeking to embark on their digital marketing journey, we offer the following recommendations:

Develop a Comprehensive Digital Marketing Plan: Tailor your digital marketing efforts to align with your business objectives, target audience, and industry trends. Combining multiple digital marketing channels can create a powerful and cohesive marketing strategy.

Embrace Data-Driven Insights: Harness the wealth of data generated by digital marketing campaigns to gain valuable insights into customer behavior, preferences, and market trends. Utilize this information to make informed decisions and refine your marketing approach.

Stay Agile and Adaptive: The digital landscape is ever-changing, with new platforms and technologies continuously emerging. Stay informed and remain adaptable to leverage the latest digital marketing trends and innovations.

Invest in Learning and Development: Encourage your team to continually develop their digital marketing skills and knowledge. This investment will ensure that your organization remains at the forefront of digital marketing practices.

As we close this chapter, Researchers firmly believe that the insights provided in this study will serve as a valuable resource for MSMEs seeking to harness the potential of digital marketing. By embracing these practices, MSMEs can unlock new opportunities, drive sales growth, and secure a sustainable future in the competitive global market.

Conclusion

MSMEs utilize a variety of digital marketing platforms to reach their target audience. These platforms encompass a website, email marketing, SMS campaigns, search engine optimization (SEO), and various social media platforms like Facebook, WhatsApp, Twitter, Instagram, and Telegram. Interestingly, interviews with MSME owners have revealed that none of them employ all of these platforms simultaneously for their digital marketing efforts. Instead, they tend to focus on specific platforms based on their preferences and target audience.

Among the social media platforms, Facebook, WhatsApp, and Instagram are the most popular choices for digital marketing among MSMEs. These platforms have garnered widespread usage and engagement, making them attractive options for reaching potential customers. Surprisingly, Twitter remains underutilized as a digital marketing tool among MSMEs, despite its potential to connect with a diverse audience and facilitate real-time interactions, another observation is that none of the MSMEs surveyed are currently using blogging platforms as part of their digital

marketing strategy. This represents a missed opportunity as blogs can serve as valuable channels for providing valuable content, building brand authority, and engaging with a loyal readership. Interestingly, those MSME owners who have incorporated digital marketing into their business strategies report positive impacts on sales. They have seen an increase in sales as a direct result of their digital marketing efforts, highlighting the effectiveness of this campaign of all the digital marketing platforms, social media platforms like Facebook, Instagram, and WhatsApp stand out as the most significant contributors to generating sales. These platforms seem to outperform all other digital marketing channels combined, indicating their substantial influence in driving business growth for MSMEs.

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