

## **A Study on Effect of Digital Practices on Sales Performance and Business Sustainability of Msmes**

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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. Structural equation modelling and other quantitative methods are employed for data analysis here. Choosing samples using methods that are most convenient for the researchers. In this study, we surveyed 142 micro, small, and medium enterprises (MSMEs) in the Bangalore area using online questionnaires and analyzed the responses. Data analysis reveals digital marketing had a positive and material effect on business outcomes including sales performance and long-term viability. Digital marketing can be executed over a wide range of channels, from social media and the web to search engine optimization (SEO). According to the findings, social media is a popular digital medium among MSMEs. This study analyzes data from both large and small companies to reveal the most successful sales strategies and approaches that can boost revenue and ensure a company's continued prosperity.

**Keywords:** Digital marketing, Sales performance, Sustainability

### **Introduction:**

The marketing industry is one that is always evolving. The modern marketing executive must have a reliable system in place for gathering timely and accurate data on consumers, competitors, and the external setting. The process of advertising and selling a product or service via the World Wide Web is known as "Internet marketing" (IM). The Internet and electronic commerce have made product distribution and promotion feasible. The term "electronic commerce" (or "e-commerce") is used to describe any type of market that exists solely online. E-commerce, or electronic commerce, is the practise of doing business transactions over the internet. The discipline of Internet marketing is a subset of e-commerce as a whole.

The purpose of digital marketing is to broaden businesses' opportunities to reach a wider audience through more effective forms of promotion and advertising. Advertisers may contact potential customers 24/7, no matter where they are, and businesses of all sizes can utilise this tool to spread the word about their wares online. Since then, digitalization has been connected to small business expansion, productivity, and competitiveness. Using digital marketing and social media, small businesses may attract new clients and retain existing ones. Small and medium-sized enterprises (SMEs) can benefit greatly from digitalization due to its simplicity in facilitating information sharing and customer connections. For modern businesses, digital platforms are an essential marketing tool since they allow them to more effectively connect and communicate with their target audience, evoke emotions in consumers, and facilitate transactions between businesses and consumers.

In today's technological era, businesses rely heavily on digital marketing strategies to boost sales performance and secure their future. The purpose of this research is to examine how different types of digital marketing strategies affect revenue growth and company viability. This research is helpful for companies that want to use digital marketing to boost their sales and stay afloat in today's cutthroat economy since it examines the link between digital marketing strategies and bottom-line results. Businesses in the present information age recognise digital marketing as an essential strategy for growing their client base and increasing revenue. The promotion of goods or services, interaction with consumers, and generation of sales are all activities that fall under the umbrella of digital marketing. Digital marketing's increasing usage has altered the way brands communicate with their customers. This research analyses the impact of digital marketing strategies on revenue growth and identifies the primary benefits for companies.

### **Literature Review:**

Online advertising is a great way to build awareness for a brand and increase traffic to a website, two of a company's most crucial objectives (Song, 2001).

Traditional forms of public relations and advertising have given way to the more modern strategies of digital marketing. Therefore, it has the ability to revitalise the economy and make government agencies more efficient (Munshi, 2012).

According to Internet World Stats, there will be more than 4.5 billion internet users in the world by March of 2020. (2020). The Internet's velocity and influence have increased as a result of developments in technology and the expansion of digital infrastructure. The internet has largely replaced more conventional means of communication.

Companies that rely on digital technology to create money believe that the three most essential marketing aspects of digital material are: (1) its accessibility; (2) its navigability; and (3) its speed (Kanttila, 2004). As a result, people's buying and consumption patterns have changed over time. Midha (2012) argues that the amount and manner in which people consume is affected by the ever-evolving psychology of consumption in response to consumer demands. So, it's crucial for companies in the sector to respond to the evolving demands of consumers and provide their products and services promptly (Pencarelli, 2020). As consumer expectations rise, it's natural that some businesses may struggle to stay up and eventually fall behind (Ungerman, Dedkova & Gurinova, 2018). There has to be strict new rules and regulations in place for traditional marketing to keep up with the rapid growth of the digital economy and the variety of new opportunities and difficulties it brings (Midha, 2012).

The advent of digital technology has caused a sea change in conventional marketing strategies (Caliskan, Ozen & Ozturkoglu, 2020). Constantly staying ahead of the competition in today's market is challenging because of the way people's attitudes and habits have shifted in response to technology developments (Vidili, 2020). Strategic sales decisions are required to grow digital sales in the long-term and use them as a competitive advantage. Sales techniques that focus on the needs of the consumer are, therefore, more vital than ever in the current economic climate (Zhu & Gao, 2019).

Many companies have jumped on the bandwagon of digital marketing by adopting e-commerce. Traditional stores who haven't invested in an online presence have been hit particularly hard by this upswing. This connection is crucial for the successful transition from classic to digital advertising (Dong, 2018). Successful firms are finding that digitally sustainable sales provide them an edge in the marketplace. The operational sales procedures and external environment should both be factored into a company's market positioning strategy. According to Chaffey & Smith (2012), every company serious about Internet marketing must prioritise the 5S of Internet marketing (Sell, Serve, Speak, Save, Sizzle)—sales, service, communication, savings, brand creation, and diffusion.

Some of the many benefits of online advertising include cost-effectiveness, specificity in reaching an intended audience, ease of use, and the opportunity to do one's own product research before purchasing (Durmaz & Efendioglu, 2016).

Using digital marketing strategies like social media can help small businesses reach more people for less money. Competition for micro, small, and medium enterprises (MSMEs) is fierce. Many of the rivals provide products that are essentially the same, but at a lesser price. In exchange, they offer a wide range of benefits to their clientele. With the use of digital technologies, businesses may enhance their customer-facing processes and provide a better response to customers' requests. Digital technology is beneficial for both consumers and businesses since it increases efficiency and productivity while decreasing overhead costs (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:**

Descriptive surveying was used as the primary research approach for this study. Researchers often use questionnaires as a tool for data collection from the study population. This research tool was developed after reviewing the relevant literature and previous studies (Wanjiru Mobydeen, 2021). A Google Docs questionnaire was created, and its link was sent to the CEOs and managers of MSMEs, as well as any other executives with a stake in the strategy and execution of digital marketing. The first section of the survey asks basic personal and professional information about respondents. In the second section, you'll answer questions about the study's dependent and independent variables. The respondents were asked to score their agreement with statements from 1 (strongly disagree) to 5 (strongly agree) on a 5-point Likert scale. Expert opinion was combined with practical factors to choose respondents from among the many MSMEs in Bangalore. Following initial data screening, 142 of a total of 152 questionnaires were selected for in-depth analysis because they provided sufficient data. The survey responses were analysed using SPSS version 24 and the Advanced Multivariate Analysis System (AMOS). Descriptive statistics include summing up the study's variables by calculating their means and standard deviations. Cronbach's alpha was used to check the data's consistency. Structure equation modelling was used for the hypothesis testing (SEM).

**Results:****1. 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	<b>0.874</b>
2	MM2	3.45	.965	
3	MM3	3.45	.941	
4	SM1	3.47	1.000	<b>0.915</b>
5	SM2	3.36	.974	
6	SM3	3.41	.967	
7	SEM1	3.19	.938	<b>0.875</b>
8	SEM2	3.18	.909	
9	SEM3	3.18	.946	
10	SP1	3.45	.947	<b>0.867</b>
11	SP2	3.44	.964	
12	SP3	3.62	.872	
13	BS1	3.29	.979	<b>0.861</b>
14	BS2	3.38	.946	
15	BS3	3.37	.921	

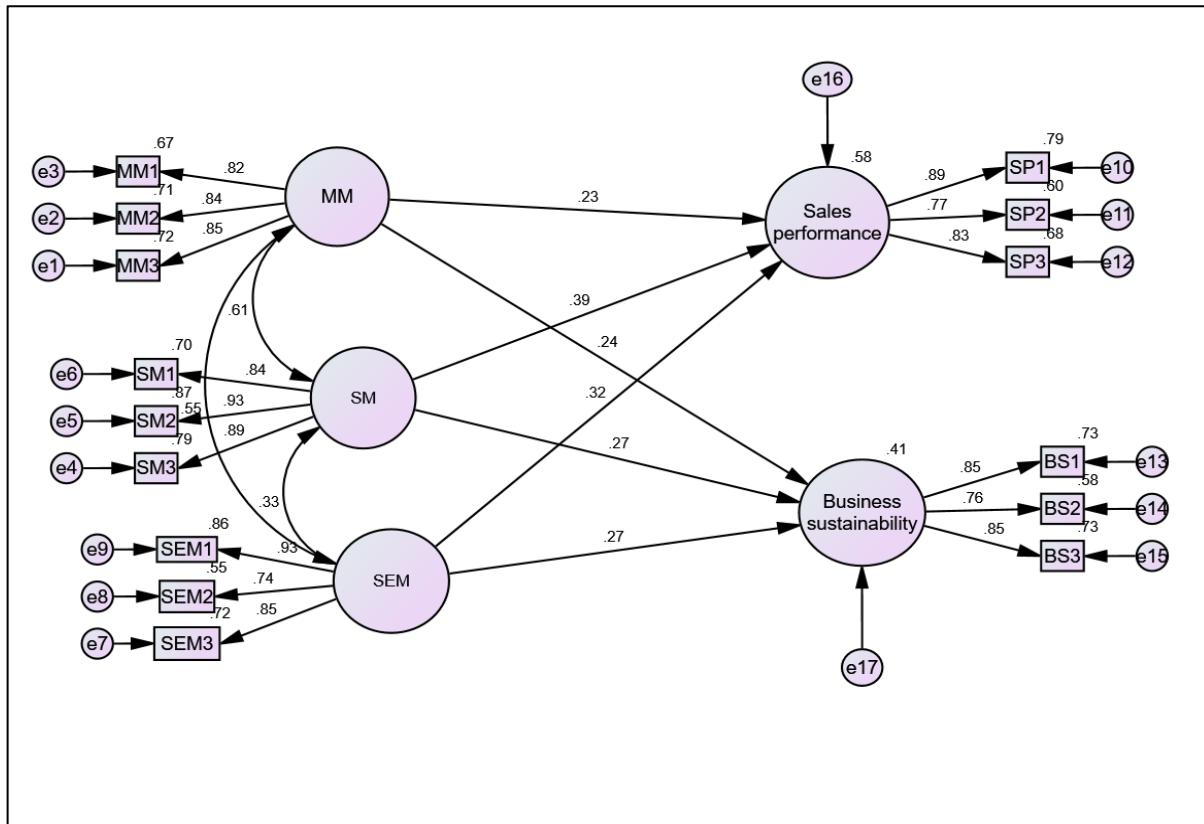
Descriptive statistics for statements including predictor variables (primarily mobile marketing, social media marketing, and search engine optimization) show that all mean values are more than 3, indicating widespread consensus among respondents. Similarly, sales performance and business sustainability are two dependent variables with mean values over 3 and standard deviation values close to 1.

Cronbach's alpha values for study constructs were also included in the aforementioned table; according to Nunnally (1978), an alpha value of 0.7 or higher suggests reliable data. The alpha value in this study is more than the critical value of 0.7, falling between 0.861 to 0.915.

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

The structural model in structural equation modeling (SEM) reveals the relationship between the latent variables or constructs predicted by the research model. In this research, we examined the effect of the exogenous variable—mobile marketing—on the endogenous variables—sales performance and business sustainability of MSMEs.

Figure 2: SEM model- causal 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 findings revealed that MSMEs' sales performance was significantly impacted by mobile marketing (beta = 0.227, p=0.019). Since the p value was less than 0.05, we adopt H1a as the null hypothesis.

Marketing via social media also has a favourable and statistically significant effect on sales performance (beta=0.392, p=0.000), as does marketing via search engines (beta=0.321, p=0.000). Both H1b and H1c are supported by the fact that the t-values for these pathways are greater than 1.96 and the p-values are less than 0.05.

Additionally, the study investigated the impact of three marketing methods on the long-term viability of micro, small, and medium-sized firms (MSMEs), with positive results supporting hypothesis H2. Hypothesis H2a is supported by the data, which shows that there is a positive correlation between mobile marketing and long-term success for businesses (beta = 0.243, p = 0.028).

H2b (beta = 0.274, p = 0.003; p value 0.05) shows that social media marketing has a significant effect on the long-term viability of businesses. Similarly, H2c is accepted since the influence of SEO on a company's long-term viability is large (beta=0.268, p is 0.001).

In addition, as shown in Figure 2, the calculated R square value of 0.58 indicated that the three main types of digital marketing (mobile marketing, social-media marketing, and search engine marketing) accounted for 58% of the variance in sales performance. With a R squared value of 0.41, 3 digital marketing strategies explain 41% of the variation in business sustainability. performance, with the remaining 61.2% (the error term) being a mystery. It follows that digital marketing had a moderately beneficial impact on the productivity of SMEs.

### **Discussion & Implications:**

In this study, we looked at how various digital marketing strategies affected the success of small and medium-sized businesses. Some examples of digital marketing strategies employed by chosen MSMEs are discussed in this study. The research results showed that these three digital marketing strategies do have a good and significant effect on MSMEs' sales performance and business sustainability. Effectiveness can be best predicted by using social media marketing. Previous studies have looked at how various forms of digital advertising affect business outcomes. The results of this study are consistent with those of the other studies. Mail marketing, social network marketing, mobile phone marketing, and website marketing are only some of the digital marketing tactics that Mobydeen (2021) examined in his research of their effects on business outcomes.

These findings are significant because they show how digital marketing, in any of its forms, can have a positive effect on the performance of MSMEs and that its goals are achievable. Findings from this study are useful for all managers, CEOs, and directors of MSMEs. To improve the bottom line, business owners and executives should implement a number of digital marketing methods. None of a company's marketing efforts will be without some effect on its bottom line.

A large and varied audience is one of the main benefits of using digital marketing strategies. Traditional advertising tactics typically focused on a certain geographic area or demographic group. But with digital marketing, companies can reach a global audience and expand their consumer base. Search engine optimisation (SEO), pay-per-click (PPC) advertising, and social media marketing allow businesses to zero in on their ideal clientele and focus their marketing efforts there. A higher number of potential consumers and more leads will be generated as a result of this expanded reach and targeting.

Businesses can have more meaningful, two-way interactions with their customers through the use of digital marketing practises. Using methods like social media, email marketing, and original content, businesses may establish strong bonds with their target demographics. Based on a user's preferences and past interactions, they can deliver helpful information, answer questions, and provide suggestions. This kind of involvement builds trust, solidifies brand loyalty, and stimulates purchases. To increase the possibility of a sale, firms can improve their marketing efforts by targeting certain client categories with tailored offers, discounts, and product suggestions.

One major benefit of digital marketing over more conventional methods is the availability of analytics and data in real time. By keeping tabs on the results of their advertising initiatives, companies can learn more about their target audience's likes, dislikes, and overall conversion rates. Website traffic, click-through rates, and conversion rates are just some of the indicators that may be analysed to help organisations fine-tune their marketing efforts. In order to maximise sales performance, this data-driven strategy enables businesses to make educated decisions, allocate resources efficiently, and optimise their marketing efforts in real time.

Digital marketing practices often prove to be more cost-effective than traditional marketing methods. Traditional advertising, such as print or television ads, can be expensive and may not yield measurable results. On the other hand, digital marketing channels provide cost-efficient options such as social media advertising, email campaigns, and content marketing. With digital marketing, businesses can set flexible budgets, monitor their spending, and optimize campaigns to achieve a higher return on investment (ROI). This affordability and the ability to target specific audience segments allow even small businesses to compete on a level playing field with larger competitors, driving sales growth.

According to the findings, using many social media platforms to spread a company's message to a wide audience is highly effective. Instagram and WhatsApp were also mentioned as potential tools for maintaining contact with clients.

## **Conclusion**

MSMEs can choose from a variety of digital marketing tools. Websites, electronic mail, short message service, search engine optimization, social networking sites, microblogging platforms, and micro messaging apps like WhatsApp, Twitter, Instagram, and Telegram are all on the list. None of the MSME owners interviewed use all of these digital marketing channels at the same time, according to the results. Facebook, WhatsApp, and Instagram are the three most widely used social networking sites today. Facebook, Instagram, and WhatsApp outperform every other digital channel in terms of sales. Digital marketing practices have significantly impacted sales performance in today's business landscape. The enhanced reach and targeting capabilities, improved customer engagement and personalization, access to measurable data and analytics, and cost-effectiveness all contribute to driving sales growth. Businesses that embrace digital marketing strategies gain a competitive advantage by effectively reaching their target audience, fostering meaningful connections, and optimizing their marketing efforts based on real-time data. In an increasingly digital world, companies that prioritize digital marketing practices are better positioned to achieve sustainable sales performance and long-term success.

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