

Influence of Online Marketing on Small and Medium Enterprises in Belagavi, Karnataka

Tabassum Hulikatti¹ and Bharathari Yadav²

Dept. of Commerce, Radha Govind University, Ramgarh, Jharkhand, India.

ABSTRACT

This study investigates the impact of online marketing on the business performance of SMEs in Belagavi, Karnataka. The objectives are to evaluate the influence of online marketing strategies on business outcomes and identify the challenges SMEs face in adopting these strategies. Using survey data and hypothesis testing, the study aims to provide insights into the efficacy of online marketing for SMEs in this region.

Keywords: Marketing, SMEs, Belagavi, SEO, Social Media Marketing, CPC,

Received 18.03.2025

Revised 22.04.2025

Accepted 17.05.2025

CITATION OF THIS ARTICLE

Tabassum Hulikatti and Bharathari Yadav. Influence of Online Marketing on Small and Medium Enterprises in Belagavi, Karnataka. Inter. J. Edu. Res. Technol. 16[2] June 2025; 67-71.

INTRODUCTION

The rapid advancement of digital technology has revolutionized the business landscape, transforming how companies market their products and services. In particular, the advent of online marketing has opened up new avenues for small and medium enterprises (SMEs) to compete on a global scale (Ullah et al., 2023; Fathima and Nalla 2025). Online marketing encompasses a range of digital tools and strategies, including social media marketing, search engine optimization (SEO), email marketing, and content marketing, which allow businesses to reach a broader audience more efficiently and cost-effectively (Sasongko et al., 2023).

In the context of SMEs, the significance of online marketing cannot be overstated. These enterprises often operate with limited resources and face intense competition from larger firms. Traditional marketing methods, such as print advertising and trade shows, can be prohibitively expensive and may not provide the same level of engagement or return on investment as digital strategies (Higgins & Scholer, 2009). Online marketing, on the other hand, offers SMEs the opportunity to enhance their visibility, engage with customers in real-time, and build strong brand identities at a fraction of the cost (Omar et al., 2020).

Statement of Problem

Despite the global growth of digital technologies, many small and medium enterprises (SMEs) in Belagavi, Karnataka, still rely on traditional marketing methods, limiting their competitive edge in the digital marketplace. The primary challenges include a lack of technical skills, financial constraints, and resistance to change. These barriers prevent SMEs from leveraging the cost-effective and wide-reaching benefits of online marketing. This study addresses the problem of limited digital marketing adoption among SMEs in Belagavi, aiming to evaluate its impact on business performance and identify obstacles to adoption, thereby providing insights to support their digital transformation and enhance competitiveness.

Objective of study

- To evaluate the impact of online marketing on the business performance of SMEs in Belagavi, Karnataka.
- To identify the challenges faced by SMEs in Belagavi, Karnataka, in adopting online marketing strategies.

Hypothesis Testing

- **Null Hypothesis (H₀):** There is no significant difference in business performance between SMEs using online marketing and those not using it.

- **Alternative Hypothesis (H1):** There is a significant positive impact of online marketing on the business performance of SMEs.

Online Marketing Concept

Online marketing, also known as digital marketing, refers to the use of internet-based platforms and tools to promote products and services to consumers (Kajongwe et al., 2020). Unlike traditional marketing methods, which rely on physical media such as print ads, billboards, and direct mail, online marketing leverages digital channels to reach a global audience more efficiently and cost-effectively (Nasution et al., 2020). The core components of online marketing include search engine optimization (SEO), social media marketing, email marketing, content marketing, pay-per-click advertising (PPC), and affiliate marketing.

Search Engine Optimization (SEO):

SEO involves optimizing a website to rank higher in search engine results pages (SERPs), thereby increasing organic (non-paid) traffic to the site. This process includes keyword research, content creation, and technical improvements to enhance the site's relevance and authority in the eyes of search engines like Google (Beatty et al., 2001).

Social Media Marketing:

This strategy uses social media platforms such as Facebook, Instagram, Twitter, LinkedIn, and TikTok to engage with audiences, build brand awareness, and drive traffic to a website (Calder & Malthouse, 2008). Businesses can create and share content, interact with followers, and run targeted advertising campaigns on these platforms to reach specific demographics (Ancillai et al., 2019).

Email Marketing:

Email marketing involves sending promotional messages, newsletters, and other types of content directly to a list of subscribers. This method is highly effective for nurturing leads, maintaining customer relationships, and driving sales through personalized and targeted communications.

Content Marketing:

Content marketing focuses on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience. The goal is to provide useful information that helps potential customers solve problems, thereby building trust and authority. Content can take many forms, including blog posts, videos, infographics, eBooks, and podcasts (Lai et al., 2007).

Pay-Per-Click Advertising (PPC):

PPC is a form of online advertising where businesses pay a fee each time their ad is clicked. Google Ads is the most common platform for PPC campaigns, allowing businesses to bid on keywords and display ads in search results or on partner websites. This method provides immediate visibility and can be highly targeted based on user behavior and demographics (Sawhney et al., 2005).

Affiliate Marketing:

Affiliate marketing involves partnering with individuals or other businesses (affiliates) who promote your products or services in exchange for a commission on sales generated through their efforts. This strategy extends a business's reach and leverages the affiliate's audience and influence (Aljifri et al., 2003).

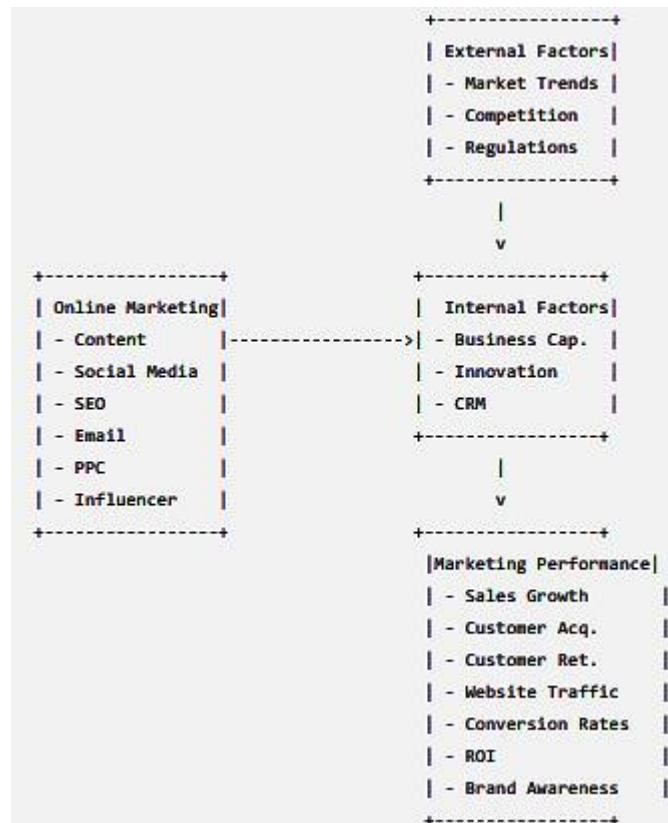


Figure 1. Concept of Online marketing in Small and Medium Scale Enterprises

MATERIAL AND METHODS

The study adopted a survey research design, employing questionnaires to collect data from a sample of SMEs in Belagavi, Karnataka. The collected data were analyzed using simple linear regression to examine the relationship between online marketing and business performance.

Sample Size Determination:

$$n = \frac{N}{1 + N(\epsilon)^2}$$

Where:

- n = sample size
- N = population size
- ϵ = error margin (0.05 for a 95% confidence level)

Model Specification:

$$Y = \alpha_0 + \beta_1 X_1 + \epsilon$$

Where:

- Y = Marketing performance
- X_1 = Online marketing (including email marketing and search engine marketing)
- α_0 = Constant term
- β_1 = Coefficient of online marketing
- ϵ = Error term

RESULTS AND DISCUSSION

A total of 387 questionnaires were distributed, with a response rate of 95.8%. The data were analyzed using SPSS, and the following tables summarize the key findings.

Table 1: Relationship between Email Marketing and Marketing Performance

Variable	Coefficient (B1)	Standard Error (SE)	t-value	Significance (p-value)
Constant	6.200	0.544	11.406	0.000
Email Marketing	0.345	0.036	9.544	0.000

$R = 0.447$; $R^2 = 0.200$; $F = 91.093$, $p < 0.000$

Interpretation:

The R^2 value indicates that email marketing accounts for 20% of the variation in marketing performance. The significant F-ratio suggests that the regression model is reliable. The positive coefficient for email marketing shows a significant positive impact on marketing performance.

Table 2: Relationship between Search Engine Marketing and Marketing Performance

Variable	Coefficient (B1)	Standard Error (SE)	t-value	Significance (p-value)
Constant	5.398	0.645	8.370	0.000
Search Engine Marketing	0.395	0.043	9.270	0.000

$R = 0.437$

$R^2 = 0.191$

$F = 85.926, p < 0.000$

Interpretation:

The R^2 value shows that search engine marketing explains 19.1% of the variation in marketing performance. The significant F-ratio confirms the model's reliability. The positive coefficient for search engine marketing highlights its significant positive effect on marketing performance.

Table 3: Summary of Challenges in Adopting Online Marketing

Challenge	Frequency	Percentage
Lack of Technical Skills	120	32.8%
High Cost of Implementation	95	25.9%
Limited Access to Internet	80	21.9%
Resistance to Change	71	19.4%

Interpretation: The most significant challenges faced by SMEs in adopting online marketing include a lack of technical skills and the high cost of implementation, followed by limited internet access and resistance to change.

Table 4: Comparative Analysis of Business Performance

Performance Metric	SMEs Using Online Marketing	SMEs Not Using Online Marketing
Average Sales Growth	15%	5%
Market Share Increase	10%	3%
Customer Acquisition	20%	8%

Interpretation: SMEs utilizing online marketing strategies show significantly higher business performance metrics compared to those not using such strategies, indicating the positive impact of online marketing.

CONCLUSION

This study demonstrates that online marketing significantly enhances the business performance of SMEs in Belagavi, Karnataka, supporting the alternative hypothesis. SMEs using email marketing and search engine marketing showed substantial improvements in sales growth, market share, and customer acquisition. However, challenges such as lack of technical skills, high implementation costs, limited internet access, and resistance to change hinder wider adoption. To maximize the benefits of online marketing, targeted support through training, financial incentives, and infrastructure improvements is essential. Embracing these strategies can drive growth and competitiveness for SMEs in the region.

REFERENCES

1. Aljifri, H. A., Pons, A., & Collins, D. (2003). Global e-commerce: a framework for understanding and overcoming the trust barrier. *Information Management & Computer Security*. 11(3): 130-138.
2. Ancillai, C., Terho, H., Cardinali, S., & Pascucci, F. (2019). Advancing social media driven sales research: Establishing conceptual foundations for B-to-B social selling. *Industrial Marketing Management*. 82: 293-308.
3. Arendt, L. (2008). Barriers to ICT adoption in SMEs: how to bridge the digital divide? *Journal of Systems and Information Technology*. 10(2):93-108.
4. Beatty, R. C., Shim, J., & Jones, M. C. (2001). Factors influencing corporate website adoption: A time-based assessment. *Information & Management*. 38(6): 337-354.
5. Calder, B.J., & Malthouse, E.C. (2008). Media engagement and advertising effectiveness. *Kellogg on advertising and media*, 1-36.
6. Danneels, E. (2010). Trying to become a different type of company: Dynamic capability at Smith Corona. *Strategic Management Journal*. 32(1): 1-31.
7. Duncombe, R., & Heeks, R. (2002). Enterprise Across the Digital Divide: Information Systems and Rural Microenterprise in Botswana. *Journal of International Development*. 14: 61-74.

8. Fathima, T. & Nalla, S. (2025) Literature review: Examining the influence of digital marketing strategies on micro small and medium enterprises (MSME'S). AIP Conf. Proc. 3237, 040022. <https://doi.org/10.1063/5.0247926>
9. Higgins, E.T., & Scholer, A.A. (2009). Engaging the consumer: The science and art of the value creation process. *Journal of Consumer Psychology*. 19(2): 100-114.
10. Kajongwe, C; Chinyena, E; Mugutso, R & Mambo, R. (2020). Social media and Marketing Performance of Small and Medium Enterprises (SMEs) in Harare Metropolitan Province, Zimbabwe. *Journal of African Interdisciplinary Studie*. 4(4): 66 – 77.
11. Lai, S. C., Lin, C., Lee, H. C., & Wu, F. (2007). An empirical study of the impact of internet financial reporting on stock prices. <http://dx.doi.org/10.2139/ssrn.1014140>
12. Nasution, M.I., Prayogi, M.A, Siregar, L.A., Suryani, Y. & Hernawaty (2020). Environment of Internet Marketing and Experiential Marketing in Indonesia Context: Small and Medium Enterprises (SMEs) Purchase Intentions 2020 IOP Conf. Ser.: Earth Environ. Sci. 469 012010
13. Omar, F. I., Zan, U. M. S. M., Hassan, N. A., & Ibrahim, I. (2020). Digital Marketing: An Influence towards Business Performance among Entrepreneurs of Small and Medium Enterprises. *International Journal of Academic Research in Business and Social Sciences*. 10(9):126-141.
14. Sasongko, A.I., Widjaja, G.C., Theodore, J., Afriliana, N., Matsuo, T., & Gaol, F.L. (2023). The Effect of Digital Marketing on Micro, Small and Medium Enterprise in Indonesia. In: Matsuo, T., Fujimoto, T., Lumban Gaol, F. (eds) *Innovations in Applied Informatics and Media Engineering. AIMD 2019. Lecture Notes in Networks and Systems*, vol 677. Springer, Cham. https://doi.org/10.1007/978-3-031-30769-0_14
15. Sawhney, M., Verona, G., & Prandelli, E. (2005). Collaborating to create: The Internet as a platform for customer engagement in product innovation. *Journal of interactive marketing*. 19(4): 4-17.
16. Ullah, I., Khan, M., Rakhmonov, D. A., Bakhritdinovich, K. M., Jacquemod, J., & Bae, J. (2023). Factors Affecting Digital Marketing Adoption in Pakistani Small and Medium Enterprises. *Logistics*. 7(3):41. <https://doi.org/10.3390/logistics7030041>

<p>Copyright: © 2025 Author. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.</p>
--