

BARRIER FACED BY SMES TO ADOPT DIGITAL MARKETING: SPECIAL REFERENCE TO UTTAR PRADESH

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ABSTRACT--*In the 21st century, where the world is driven by technology, digitalization plays a really vital role in running a trade in order to maximize the benefit and make a mark in the developing trade industry. SMEs (Small-Medium Enterprises) are the backbone of the economy in India and thus it becomes imperative for them to change with digitization and adopt different digital marketing tools for their business. While adopting these tools to enhance their performance many SMEs have failed or improperly adopted the digital marketing. Through this research paper we will be highlighting challenge that SMEs in Uttar Pradesh have to face while adopting digital marketing. The objectives of the study are an investigation of barriers to adopt digital marketing tools by SMEs of Uttar Pradesh and testing the significance of these barriers with digital marketing adoption in context to SMEs of Uttar Pradesh. ANOVA and rating system based on Mean Score were used to identify and test significance of these barriers. All the barriers identified have significant relationship with digital marketing adoption. Lack of skilled ICT, Inadequate information and resistance to change were identified as potential barrier while adopting digital marketing. Implications for future, more quantitative studies are required to help the SMEs to adopt new technologies and how to avoid face the hurdles in order to achieve profitability.*

Keywords-- *Digital marketing, tools, small medium enterprises, marketing, ICT*

I. INTRODUCTION

The utilization of the Internet for marketing and advertising has become a major option for companies in the ever evolving globalized world. An examination by Internet World Stats (2014) on the number of people using internet showed that Asia has the most Web clients with clients with 45.7 percent contrasted with different locales. Nonetheless, this is most likely identified with the higher population in Asia, which is around 3396.4 million (for example, when contrasted with Oceania which just 36.7million). Maybe, the utilization of the Internet, particularly in developed nations when compared to developing nations has grown exponentially quickly lately (Chinn and Fairlie, 2006; Qiang, 2010). This is bolstered by the International Telecommunication Union (2011), which showed that there was an expansion in Internet clients, in both developed and developing nations. The Global Telecommunication Union (2011) detailed that there was an expansion in fixed-broadband memberships of more than twofold in the course of recent years. As of late, remote broadband Internet set to become the most used form of internet (International Telecommunication Union, 2011). The UNCTAD (2011) report additionally tells us that remote broadband access, including prepaid broadband, is rapidly growing in developed nations and there is a shift in preference of internet users as they are moving from fixed to mobile gadgets.

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When it comes to India, according to Mckinsey report titled “ Digital India”, during 2009 the internet population was somewhere 60 million reaching around 200million in 2014, compare to just 7 million internet users in 2001 i.e. the internet population increased 25 times in that span of time. The internet population reached 480 million in 2018 and it currently stands at 560 million, making India having the second highest number of internet users.

Other relevant Facts are as follows:

- Today, ~40 million Indians are online every day, spending ~40-45 hours over the Internet per month.
- India is the second largest market for social networking giants such as Facebook and LinkedIn; 70,000 new users get connected on to a social network every day.
- India has the fastest growing internet user population which currently stands at 560 million users.
- India’s monthly data consumption per person has increased from 86mb in 2014 to 8600 mb in 2018.
- India has 26 smartphones per 100 people

But this is just the glimpse of internet usage, the query is: Is something commercially vital happening on internet? For businesses commercial importance is prime so let us have a look on some other facts also: A research conducted by Boston Consulting Group titled“Capitalizing on India’s Digitally Influenced Consumers: From Buzz to Bucks. BCG has identified as many as 30 product categories from Air travel to TV to Restaurants to Cosmetics to various Insurance where Indian customer use Internet for Product Information, Price Information, Store Location, Accessing Purchase Coupons, Ordering , Making Payments, Information on Product Use and much more. There is more usage of Internet for searching Product Information and Price Information (more than 30%) then usage fall down for searching Store Location, Accessing Purchase Coupons, Ordering (in the band of 21% - 30%) some exception are there like Air travel show high usage(more than 30%)of internet for Ordering and Payments. So there should be no question in to why SME should not be Digital and use Digital Marketing tools to establish themselves..

Defining SMEs

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2014 the Micro, Small and Medium Enterprises (MSME) are classified according to their turnover and the previous classification of MSME into manufacturing and service were maintained. The classification is as follows:

Manufacturing Enterprises – Investment in Plant & Machinery		
Description	INR	USD(\$)
Micro Enterprises	upto Rs. 25Lakh	upto \$ 62,500
Small Enterprises	above Rs. 25 Lakh & upto Rs. 5 Crore	above \$ 62,500 & upto \$ 1.25 million
Medium Enterprises	above Rs. 5 Crore & upto Rs. 10 Crore	above \$ 1.25 million & upto \$ 2.5 million
Service Enterprises – Investment in Equipments		
Description	INR	USD(\$)
Micro Enterprises	upto Rs. 10Lakh	upto \$ 25,000
Small Enterprises	above Rs. 10 Lakh & upto Rs. 2 Crore	above \$ 25,000 & upto \$ 0.5 million
Medium Enterprises	above Rs. 2 Crore & upto Rs. 5 Crore	above \$ 0.5 million & upto \$ 1.5 million

Source: (Development Commissioner MSME) (Mathew, 2014)(RBI) (MSME, 2014)

MSMEs having 63.4 million units spread across the country. With 6.11% of manufacturing GDP, 24.63% of service GDP and 33.4% of manufacturing output, MSMEs are a major contributor in country's economy. As per the study done by KPMG, 68% of the Indian SMEs were offline or had limited digital footprint. There had been many initiatives taken by companies like Google (approved by FICCI) which launched “digital unlocked program” aiming to improve digital footprint of the SMEs.

Recognized as one of the major small and medium enterprises (SMEs) contributor in economy of a developing country. Despite playing of the most important role in today’s economy, these SMEs when it comes to adopting the digital medium have faced many challenges and barriers. In recent years, social media has become a new communication tool at a fast and dynamic pace. Marketing and advertising on social media and other digital tools as business numbers, many researchers have also focussed attention to provide various insights on its successful implementation. Though there are many barriers of adoption but digital provides SMEs with plethora of opportunities to improve business performance.

Over the years, researchers, policy makers, academics, and business consultants have conducted several researches on SM Face and Challenge Capture while adopting digital marketing. This study not only recognizes the problems faced by small businesses but also investigates their integrity. The problems faced by SMS in Malaysia are the lack of sales and marketing of out-of-date technology used in their management (Hashim, 2007). Limited resources, capital and manpower of the people (Davis & Vladyca, 2006). A research gas has also been lured to launch information technology (Morgan et al, 2006; Resnider et al, 2003). Most small businesses have multi-large corporations, risk, complex systems, technical lylet, customer service (Chong et al, 2012; their business investment is more; Pierce & NET, 2001).

II. Theoretical Background

Although research indicates digital marketing offers feasible way out for businesses to encounter challenges of a predominantly new technological environment, the available studies shows that SMEs in developing countries are facing problem while adopting digital marketing. The theoretical background of this study will show the studies related with tools adopted by SMEs and barrier while adopting these tools.

kanak et al. It is reported that there is a risk of finding qualified persons through the necessary skills and knowledge and the company's specific knowledge. But Bonkikit et al. Among other things, it is seen that the SME market needs a higher level of communication. In 2007, FieldTree analyzed the terms of three categories: economic constraints, social barriers and intellectual barriers. However, Rakhmanov presents the e-government in Uzbekistan as the main barrier to development that negatively affects people's decisions. Also, Alshehri and Behr, students, are the challenges and challenges that barbarians face to take e-government services, affecting The Saudis. They classify barriers among five constraints: technical, organizational, social, management support and financial constraints. Recently, Aleero and Tarawanh compiled three topics for SME technology adoption in Jordan; These were external environmental backgrounds (strong competition, global economy, regional trade agreements, extreme labor costs in some countries, single and significant market changes and increased consumer

power). Organizational background (population change, management support, financial resources, increasing the importance of moral and legal issues, increasing social responsibility and rapid political change) and technological background (innovation and new technology, e-commerce

Other contributions to ICTs (Books and Stroke 2001) lack of technology knowledge and how to use low computer literacy. Pursao and Campbell (1998) suggest that the main issues associated with the SMA are security threats, lack of internet guidance, lack of access to the process, and lack of access to e-business. The main causes of el-Noy and Ismail (1999) in their research were awareness and education, market size, ecommerce infrastructure, telecommunications infrastructure, legal systems, government issues, purchasing power/spending structures and social and psychological issues. Laurie et al (1999) Australia has expressed concerns about customer safety and has re-trusted online shopping in SME research.

Websites and email can be seen as examples of one-way online tools with high company control. A company's website can be described as the home of the brand in the online environment (Christodoulides, 2009). Email can be used for various marketing purposes including sharing information, promotion, building and maintaining relationships, and guiding customers to websites (Simmons, 2007)

Digital marketing is a new way of marketing, only by traditional marketing digital content (J'Arnian et al, 2012; Liu, Carhanna and Watson, 2011; Rauli, 2008). Various studies have shown that digital marketing tools are often adapted to SME. Having a website and using the web serves as a platform for an additional way to become familiar with literature. Digital strategies include: SEO, e-mail marketing, online advertising, e-newsletter digital public relations, affiliate marketing and content marketing, social media marketing. (Vien 2015; Kate, 2016).

Email can be used for various marketing purposes, including sharing Information, promotion, construction and relationships, and guidelines for website customers (2007).

Email can be used to exchange information for various marketing purposes, promoting, building and maintaining relationships, and guide website customers (Simons, 2007). Websites, email marketing, banner advertising, SEO, SEA are one-way communication channel for SMEs and blogs and social media are identified as two way channel. (H.Taiminen & H.Karjaluo,2015)

Digital marketing is a new approach to marketing, not just traditional marketing boosted by digital elements (Järvinen et al., 2012; Liu, Karahanna and Watson, 2011; Rowley, 2008)

III. Research Questions and Objectives

The current marketing strategies adopted by SMEs of Uttar Pradesh have reached a saturation point and thus a need for digital marketing was created. Sales in the only thing through which any company survives but efficient management of budget and other things is important for maintaining the profitability (Carson, 1993).

Keeping in mind the literature, there were few gaps that were identified in adoption of digital marketing. These gaps were reformed into research questions, which this study aims at answering. The research questions are:

- What are the different barriers that affect SMEs in adopting digital marketing?
- Are these barriers are significantly related to SMEs of Uttar Pradersh?

Thus there is need to enlighten the other important issues like barriers and challenges faced by SMEs while adopting digital marketing. Following are the objectives of the study;

- To investigate the barriers to adopt digital marketing tools by SMEs of Uttar Pradesh
- To test significance of these barriers with digital marketing adoption by SMEs of Uttar Pradesh

IV. Research Methodology

Structural questionnaires were used to collect information. The question paper was designed based on conceptual framework for preventing digital marketing application in SMS. This question paper has taken 10 authors from literature, asking participants to lose their perception of the most important obstacles that affect digital marketing. The rating used to evaluate the degree of importance for each obstacle is ranked at the table below. The strong or medium rating SME gets the barrier is taken as a valid barrier on digital marketing adoption.

Criteria	Ratings
Sample mean is greater than 4.0 shows the higher effect of that barrier/Challenge	+++
Sample mean is greater than 3.0 and less 4.0 shows the moderate effect of that barrier/challenge	++
Sample mean is less than 3.0 shows the low effect of that barrier /challenge	+

Source: Method adopted by A.N.H. Zaied, 2012

V. Sampling and sampling techniques

To assure the participants quick and correct response; the questionnaire copies were sent directly to their email address. 250 Small and Medium Business units were selected from IIA dictionary. Purposive sampling has been used in to order to cover both type of SMEs i.e. manufacturing as well as services.

VI. Measurement of Variable

Dependent Variable and Independent Variable: Digital Marketing; SMEs were asked to rate on a scale of 5 (5-point Likert scale) the effectiveness of each digital marketing tool. As digital marketing is new concept, the study come to be conclusion by reading various article that analyzing the tools can give complete idea of digital marketing and it's usage.

As the adoption and utilization of web can be measured by using hardware and software to access the internet and other supporting roles in various section of business (Davis and Olsan 1985). So the Digital Marketing which is the dependent variable of the study, measured and identified its adoption from detailed literature taxonomy. (Samsudeen Sabraz Nawazet al.,2020) Modified and tested scale has adopted: Email Marketing (EM) ; Website(WS); Google Ad words(GA); Display advertising(DA); Content Marketing(CM); Social Media (SM); SEO; e-commerce; m-commerce; Pay-per click (PPC); Affiliate marketing (AM) ; Google Analytics (GAN) (P. Pradhan et.al 2020). Measurement is subject to an overall weight rating that was based on the responses received. Independent variables were asked as opinion on significant barrier and challenge in five-point likert scale (1= Strongly Disagree and 5= Strongly agree)

VII. Results and Discussions

The sample had 250 SMEs, out of which 116 were from manufacturing and 134 from service. Considering the demographics 147 SMEs are less than 20 years old, 60 percent of the SMEs had less than 30 manpower and 90 percent of the SMEs have a turnover less than 75cr.

Table (1) Characteristics of SMEs

Organizational Demographics (N=250)	Frequency
Industry	
Manufacturing	116
Service	134
Age of the SMEs (In Years)	
0-20	147
21-40	32
41-60	46
61-80	25
No. of employees	
> 30	150
31-60	45
61-90	36
91-120	9
More than 120	10
Average turnover of SMEs	
Above 10 lac to 2 Crore	96
Above 2 Crore to 5 crore	74
Above 5 Crore to 75 crore	65
Above 75 Crore to 250 crore	15

Correlation Matrix

As term “correlation” means statistical relationship between two or more parameter. The relationship between two values lies between -1 to +1 that shows the positive and negative relationship. The above table all tools of digital marketing are correlated with each other significantly and positively. A correlation matrix depicts the relationship among digital marketing tools.

Table No (2) Pearson Correlation (Digital Marketing Tools)

	<i>EM</i>	<i>WS</i>	<i>GA</i>	<i>DA</i>	<i>CM</i>	<i>SM</i>	<i>SEO</i>	<i>E-com.</i>	<i>M-com.</i>	<i>PPC</i>	<i>AM</i>	<i>GAN</i>
<i>EM</i>	1	.59	.34	.26	.29	.28	.19	.24	.14	.12	.14	.14
<i>WS</i>	.59	1	.47	.64	.50	.42	.46	.47	.31	.34	.35	.31
<i>GA</i>	.34	.47	1	.65	.63	.56	.61	.64	.45	.51	.47	.34
<i>DA</i>	.26	.64	.65	1	.66	.56	.50	.70	.49	.48	.49	.39
<i>CM</i>	.29	.50	.63	.66	1	.64	.67	.65	.55	.55	.51	.55
<i>SM</i>	.28	.42	.56	.56	.64	1	.56	.50	.46	.49	.42	.40
<i>SEO</i>	.19	.46	.61	.50	.67	.56	1	.57	.63	.58	.61	.62
<i>E-com</i>	.24	.47	.64	.70	.65	.50	.57	1	.64	.71	.61	.55
<i>M-com</i>	.14	.31	.45	.49	.55	.46	.63	.64	1	.76	.79	.73
<i>PPC</i>	.12	.34	.51	.48	.55	.49	.58	.71	.76	1	.76	.66
<i>AM</i>	.14	.35	.47	.49	.51	.42	.61	.61	.79	.76	1	.70
<i>GAN</i>	.14	.31	.34	.39	.55	.40	.62	.55	.73	.66	.70	1
	250	250	250	250	250	250	250	250	250	250	250	250

Above table depicts that all the tools of digital marketing are correlated with each other. In statistics, a correlation coefficient is a quantitative assessment of strength of tendency to vary together and direction. Generally, the greater the value of correlation coefficient, the stronger the relationship.

Barriers to adoption of Digital Marketing

Table (3) Average Importance of Each Barrier

Barriers	No. of respondents on each rating of likert- scale (where 1 = strongly disagree and 5= strongly agree)					Mean	Rating
	1	2	3	4	5		
Barrier1: Lack of Skilled ICT	13	13	28	100	97	4.02	+++
Barrier2:Low level of literacy among staff	13	25	51	71	90	3.80	++
Barrier3:No adequate information about tools	17	26	27	30	150	4.08	+++
Barrier4:lack of digital customer	40	79	44	66	21	2.80	+
Barrier5:cost of adoption is high	15	51	62	90	32	3.29	++

Barrier6:lack of external pressure	119	40	35	36	20	2.19	+
Barrier7:Non-Availiabilty of external IT Consultants	74	40	57	53	26	2.67	+
Barrier8:Fear of loss of Privacy	18	43	66	90	33	3.31	++
Barrier9:Limited Technological Infrastructure	12	37	58	81	62	3.58	++
Barrier10:Resistance to change	9	19	31	37	154	4.23	+++
Barrier11:Inadequate support by Government	0	19	110	120	1	3.41	++

Null Hypothesis: There is no significant relationship between adoption of digital marketing tools and barriers of SMEs.

Table (4) Hypothesis Testing Results

	Test and variable	P value
Barrier1: Lack of Skilled ICT		0.04
Barrier2:Low level of literacy among staff	ANOVA & Dependent variable is Digital marketing	0.00
Barrier3:No adequate information about tools		0.04
Barrier3:lack of digital customer		0.03
Barrier4:cost of adoption is high		0.00
Barrier5:lack of external pressure		0.01
Barrier6:Non-Availiabilty of external IT Consultants		0.01
Barrier7:Fear of loss of Privacy		0.03
Barrier8:Limited Technological Infrastructure		0.00
Barrier9:Resistance to change		0.00
Barrier10:Inadequate support by Government		0.00

According to results (Table no. 3) Barrier1, Barrier3 and Barrier 10 got three rating, therefore SMEs of Uttar Pradesh are recognizing lack of skilled ICT, Adequate information and resistance to change as potential barrier while adopting digital marketing. On the other hand Barrier2, Barrier 5,Barrier 8,Barrier 9,Barrier 11 having moderate effect on SEMs while adopting digital marketing tools. The study also revealed that Barrier 4, Barrier 6, Barrier 7 received low importance than other listed barriers. The study can concludes that internal environment of SMEs facing more problems like skilled staff, adequate information about tools and resistance to change.

The study relay on Central limit theorem which states that sufficiently large sample size, the sampling distribution of the mean for a variable will approximate a normal distribution. Table (4) shows the result of one-way ANOVA. It depicts that all the barrier are showing significant relationship with adoption of digital marketing

as the null hypothesis is rejected (P value less than 0.5). Hence this study enlighten us with the barriers that SMEs in Uttar Pradesh are facing while adopting digital marketing.

VIII. Conclusion & Suggestions

The main research goal was to identify the barriers that SNEs in Uttar Pradesh are facing while adopting digital marketing for their business. The study also aimed at unfolding new insights for SMEs in the world of rapid expansion of digital footprint. The results and trends discovered through data collection were also highly consistent with the indications of the literature review. These qualitative studies are important for the SMEs while adopting any new technology to improve their business performance. SMEs should be able to identify the barriers before adopting any new technology and prepare accordingly.

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