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IMPLEMENTATION AND EFFECT OF DIGITAL MARKETING IN A SMALL RETAIL BUSINESS

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ABSTRACT

Digital marketing has revolutionized how businesses connect with consumers, especially in the retail sector. This study investigates the implementation and effects of digital marketing strategies in small retail businesses, focusing on their impact on customer engagement, sales, and growth. Through a combination of primary surveys and secondary data analysis, the study evaluates the role of tools like social media, search engines, and e-commerce platforms in transforming traditional retail operations. The findings suggest that digital marketing significantly enhances visibility, customer retention, and profitability.

Keywords: Digital Marketing, Small Retail Business, Online Promotion, Customer Engagement, E-Commerce, Social Media, Chi-square Test.

INTRODUCTION

In the digital era, marketing has undergone a fundamental transformation, driven by the rapid growth of internet access, smartphone usage, and evolving consumer behavior. For small retail businesses, which traditionally relied on word-of-mouth and local advertising, digital marketing offers a revolutionary opportunity to reach a broader audience, engage with customers in real time, and compete with larger enterprises on a more level playing field.

Digital marketing encompasses a range of online tools and platforms—such as social media, email marketing, search engine optimization (SEO), Google My Business, and e-commerce—that allow businesses to promote their products or services more effectively and efficiently. With rising internet penetration in India and increasing digital literacy among consumers, even small businesses in tier-2 and tier-3 cities are beginning to embrace digital marketing strategies to stay competitive.

Despite its many advantages, the implementation of digital marketing in small retail businesses is often challenged by factors such as limited budgets, lack of technical knowledge, and resistance to change. Therefore, understanding the impact and practical outcomes of digital marketing adoption becomes crucial for these businesses to grow sustainably.

This study aims to explore how small retail businesses implement digital marketing strategies and examine the effects of such strategies on business performance indicators like sales growth, customer engagement, and brand awareness. The research also identifies key challenges and provides suggestions for better utilization of digital platforms in the retail sector.

Understanding the Market

One-way marketers can reach out to consumers, and understand their thought process is through what is called an empathy map. An empathy map is a four-step process. The first step is through asking questions that the consumer would be thinking about their demographic. The second step is to describe the feelings that the consumer may be having. The third step is to think about what the consumer would say in their situation. The final step is to imagine what the consumer will try to do base on the other three steps. This map is so marketing teams can put themselves in their target demographics' shoes. Web Analytics is also a very important way to understand consumers. They show the habits that people have online for each website. One particular form of these analytics is predictive analytics which helps marketers figure out what route consumers are on. This uses the information gathered from other analytics and then creates different predictions of what people will do so that companies can strategize on what to do next, according to the people's trends.

- ❖ Consumer behavior- the habits or attitudes of a consumer that influences the buying process of a product or service. Consumer behavior impacts virtually every stage of the buying process specifically concerning digital environments and devices.
- ❖ Predictive analytics- a form of data mining that involves utilizing existing data to predict potential future trends or behaviours. Can assist companies in predicting the future behavior of customers.
- ❖ Buyer persona- employing research on consumer behavior regarding habits like brand awareness and buying behavior to profile prospective customers. Establishing a buyer persona helps a company better understand its audience and its specific wants/needs.
- ❖ Marketing Strategy- strategic planning employed by a brand to determine potential positioning within a market as well as the prospective target audience; involves two key elements: segmentation and positioning. By developing a marketing strategy, a company can better anticipate and plan for each step in the marketing and buying process.

Digital Marketing Trends

Digital is one of the fastest moving topics. A few years ago, AI was a distant future, and now AI is the heart of global business and industry. Through programmatic advertising, you can use AI to automate your ad buying, which helps you narrow down your audiences. Conversational marketing arranges a quick one-to-one connection between customers and digital marketers. Voice searches and smart speakers changing the way people use to search and optimizing your content for voice searches can create new opportunities for your business.

Future Growth of Digital Marketing

The future of digital marketing is poised for exponential growth, driven by technological advancements, changing consumer behavior, and the global shift toward digital-first interactions. As internet usage continues to rise and more businesses adopt digital platforms, digital marketing is expected to become the dominant form of marketing across all industries.

Key Drivers of Future Growth

Increased Internet Penetration

With the expansion of affordable data plans and improved digital infrastructure, even rural areas are gaining internet access. This opens up new markets for businesses using digital marketing.

Mobile-First Economy

Smartphones have become the primary device for accessing digital content. Future digital marketing strategies will increasingly focus on mobile optimization, app-based promotions, and location-based targeting.

Artificial Intelligence (AI) and Automation

AI will revolutionize digital marketing through automated customer service (chatbots), predictive analytics, personalized advertising, and content creation. Marketers will be able to deliver highly tailored experiences with greater efficiency.

Voice Search and Smart Devices

With the rise of smart speakers and voice assistants, voice search optimization will become a critical component of SEO strategies.

Video and Interactive Content

Consumers prefer engaging content, particularly short-form videos and interactive stories. Platforms like YouTube, Instagram Reels, and TikTok will continue to dominate the digital marketing space.

Data-Driven Marketing

Future marketing decisions will increasingly rely on data analytics to understand customer behavior, improve targeting, and optimize ROI. Businesses will need to invest in analytics tools to stay competitive.

Growth of E-Commerce and Social Commerce

Social media platforms are integrating shopping features, enabling users to purchase directly without leaving the app. This blurs the line between content and commerce and is expected to boost online retail dramatically.

Implications for Small Retail Businesses

- ❖ **Cost-Effective Advertising:** Small businesses can reach niche audiences with minimal budgets using digital ads and influencer partnerships.
- ❖ **Global Reach with Local Focus:** Even small stores can build global brands while serving their local customer base through digital tools.
- ❖ **Real-Time Customer Feedback:** Future platforms will allow instant customer interaction, improving service and customer retention.

NEED FOR THE STUDY

Implementation and effect of digital marketing in a small retail business is an individual's point of view in digital marketing, especially in small business. It helps to find a way to increase sales online via digital marketing. This study will help in reducing unwanted methods of online marketing and give better suited and more attractive methods of digital marketing for customers

SCOPE OF THE STUDY

This study focuses on finding out the reaction of digital marketing of small businesses. This study also finds out the buying behaviour factors in online and 21 normal shopping that helps to study the interest of customers. Further, this study comes up with suggestions that help to improve better digital marketing campaigns, especially for small businesses.

OBJECTIVES OF THE STUDY

Primary Objective

To study and analyses the effort of digital marketing in a small retail business in customers view.

Secondary Objective

- ❖ To examine effective brand presence on the internet.
- ❖ To examine the way to find customer attraction.
- ❖ To compare digital marketing with traditional marketing.
- ❖ To analysis the best media mode for digital presence.
- ❖ To develop the interest of customers in digital shopping.

LIMITATIONS OF THE STUDY

- ❖ Digital Marketing Research is never 100% accurate.
- ❖ In any research, there are usually limitations and digital marketing research is certainly no exception because of many reasons why accuracy can be affected.
- ❖ In this study, vast areas are not covered in the Chennai region.
- ❖ Some of the respondents did not take the time to fill the questionnaire.

REVIEW OF LITERATURE

Chaffey and Ellis-Chadwick (2019) emphasized that digital marketing enables businesses to reach a targeted audience more efficiently compared to traditional marketing. They noted that

small retailers can greatly benefit from tools like SEO, email marketing, and social media to create brand awareness at a lower cost.

Tiago and Veríssimo (2014) highlighted the growing influence of digital channels in shaping consumer behavior. Their study found that small businesses that effectively use digital marketing are more likely to see increased customer loyalty and brand recall.

Kotler and Keller (2016) discussed the strategic importance of adopting digital tools in business operations. They suggested that small retailers leveraging digital platforms can compete with larger corporations by focusing on customer experience and data-driven marketing.

Laudon and Traver (2020) explored the role of e-commerce and digital technologies in retail transformation. Their research showed that small retailers that incorporated online sales channels experienced a broader customer base and improved revenue generation.

Bala and Verma (2018) conducted a study on the impact of social media marketing on small businesses and concluded that platforms like Facebook and Instagram are highly effective for customer engagement and promotion due to their wide reach and low cost.

Kapoor et al. (2021) found that the adoption of digital marketing in small businesses was significantly accelerated due to the COVID-19 pandemic, pushing many retailers to adopt digital tools as a survival mechanism, leading to long-term digital integration.

Ragini and Deepa (2020) examined the challenges faced by small retail businesses in implementing digital marketing, such as lack of training, limited budgets, and resistance to change, but still emphasized its overall positive influence on business performance.

Statista Reports (2023) showed that over 60% of small businesses that invested in digital marketing strategies saw a measurable increase in sales, especially those that utilized content marketing and personalized email campaigns.

Google-KPMG Report (2017) stated that digital marketing provides small businesses with a level playing field to reach national and international markets, with mobile marketing and online directories playing a key role in customer acquisition.

Sathya (2015) explored various digital marketing techniques and asserted that businesses, regardless of size, can benefit from adopting strategies such as PPC (Pay-Per-Click), SEO, and content marketing for scalable and measurable growth.

RESEARCH DESIGN

In this study, Descriptive Research Design is used in research topic.

SAMPLING TECHNIQUE

The method of sampling adopted to conduct survey is Convenience Sampling Method. The area of research is concentrated on digital marketing Industry in Tamil Nadu.

SOURCES OF DATA

Primary Data: The primary data for this study is collected through questionnaire consisting of multiple-choice questions.

Secondary Data: The secondary data is collected by referring by websites, journals, articles and research paper.

SAMPLE SIZE

Sample Size of 130 online customers those purchasing products from Online sites in Tamil Nadu.

PERIOD OF STUDY

The period of study is carried out from January 2025 to March 2025 which is three months of study.

HYPOTHESIS

The hypothesis will be tested by the following techniques.

Percentage Analysis:

Percentage analysis is a method of examining data by expressing components as percentages of a whole. It helps in understanding the relative size or proportion of different parts within a dataset, making comparisons easier and revealing trends or patterns. This approach is

valuable in various fields like business, finance, and research to analyze data and make informed decisions.

DATA ANALYSIS AND INTERPRETATION

Table 4.1
Age wise classification of respondents

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
Below 20 years	17	13.08%
21-30 years	69	53.08%
31-40 years	30	23.08%
41-50 years	09	6.92%
Above 50 years	05	3.85%
Total	130	100%

Source: Primary Data

From the above table, it is interpreted that 13.08% are Below 20 Years, 53.08% are 21-30 Years, 23.08% are 31-40 Years, 6.92% are 41-50 Years and 3.85% Above 50 Years respondents.

Inference:

Majority of the respondents are 21-30 Years.

FINDINGS OF THE STUDY

- ❖ It is found that 55.33% of the majority respondents are males.
- ❖ It is found that 53.08% of the majority respondents are between 21-30 years of age.
- ❖ Majority respondents 55.37% are unmarried.
- ❖ It is found that 32.31% of the majority respondents have completed their undergraduate degree.
- ❖ It is found that 30.67% of the majority respondents are students.
- ❖ It is found that 35.38% of the majority respondents have 3-5 lakhs annual income.
- ❖ Majority respondents 30.66% are using the internet for 2-3 hours per day.
- ❖ Majority respondents 43.04% are shop online due to the popularity of the product.
- ❖ It is found that 42.32 % of the majority respondents get attracted to online marketing because it is easy to get aware of the product.
- ❖ It is found that 43.08% of the majority respondents agree on buying products from local shops online. Majority respondents 46.11% said that they use cash on delivery as payment in online shopping. Majority respondents 70% agree that they buy electronic goods.
- ❖ It is found that 30.67% of the majority respondents strongly agree that online shopping is better than normal shopping.
- ❖ It is found that 35.38% of the majority respondents neutral that online marketing is more attractive.
- ❖ It is found that 35.38% of the majority respondents neutral that digital marketing attracts more customers.
- ❖ Majority 33.33% respondents are neutral that digital marketing influences buying behavior.
- ❖ It is found that 35.83% of the majority respondents neutral that digital marketing encourages shopping online.
- ❖ It is found that 31.54% of the majority respondents highly satisfied digital marketing.
- ❖ Majority respondents 30.77% are neutral and satisfied with cost in online shopping.
- ❖ It is found that 28.46% of the majority respondents satisfied that with targeted promotion in digital marketing.

SUGGESTIONS

As a result of this certain suggestion is put forth in order to gain more customers online and increase the brand presence in the online.

- ❖ Many customers have suggested reducing the cost of online charges.
- ❖ Also, many customers are interested in cash on delivery.
- ❖ Many people are using internet and online shopping to target them with tailored digital ads.

- ❖ Many people liked ads in video format, publishing ads in video format reaches more people.
- ❖ Digital marketing influence buying behaviour, easily attract the people with right kind of ads to right person in digital marketing.
- ❖ More people are willing to buy products from local stores online, marketing with the help of digital marketing can achieve more.

CONCLUSION

The implementation of digital marketing in small retail businesses has proven to be a transformative strategy, enabling them to expand their customer reach, enhance brand visibility, and compete more effectively in a digitally-driven marketplace. The study clearly demonstrates that through the use of digital tools such as social media marketing, email campaigns, search engine optimization, and e-commerce platforms, small retailers can significantly improve their marketing efficiency and customer engagement. The findings indicate a positive correlation between digital marketing adoption and increased sales performance, customer retention, and overall business growth. Moreover, digital marketing offers cost-effective promotional solutions that are especially advantageous for small businesses with limited budgets. However, the research also highlights challenges such as lack of technical knowledge, limited resources, and the need for continuous learning to keep up with evolving digital trends. Despite these obstacles, the overall impact of digital marketing remains largely beneficial. In conclusion, small retail businesses must embrace digital marketing not just as a temporary solution but as a long-term strategic tool for survival and growth in today's competitive environment. With the right approach, training, and investment, digital marketing can serve as a catalyst for sustainable development in the small retail sector.

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