



DIGITAL MARKETING: SMALL SCALE INDUSTRIES VS LARGE SCALE INDUSTRIES

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Abstract

The modern world has embraced globalization, access to goods and services and low barriers to entry which has resulted in high competition in global markets. This, accompanied by improvements in infrastructure, communication and technology and large funding of start-ups and enterprises has led to a thriving industry of digital marketing, one which is used extensively by all businesses, regardless of size, budget and organization structure. The primary objective of the research is to identify the role of digital marketing in fulfilling the objectives of enterprises in small and large scale industries throughout the world (with special emphasis on India), analysing the differences in the methods of marketing used by industries depending on their size, scale, sector and position in the economy as well as identifying and exploring the potential of digital marketing on a microeconomic (firms and their profits) level as well as exploiting its potential on a macroeconomic level. The contents of this paper will also help understand the importance of digital marketing and analyse its impact on small and large scale firms and industries.

Keywords – *Digital marketing, economic transactions, profit, expansion, cost effective reach, brand value, targeted marketing*

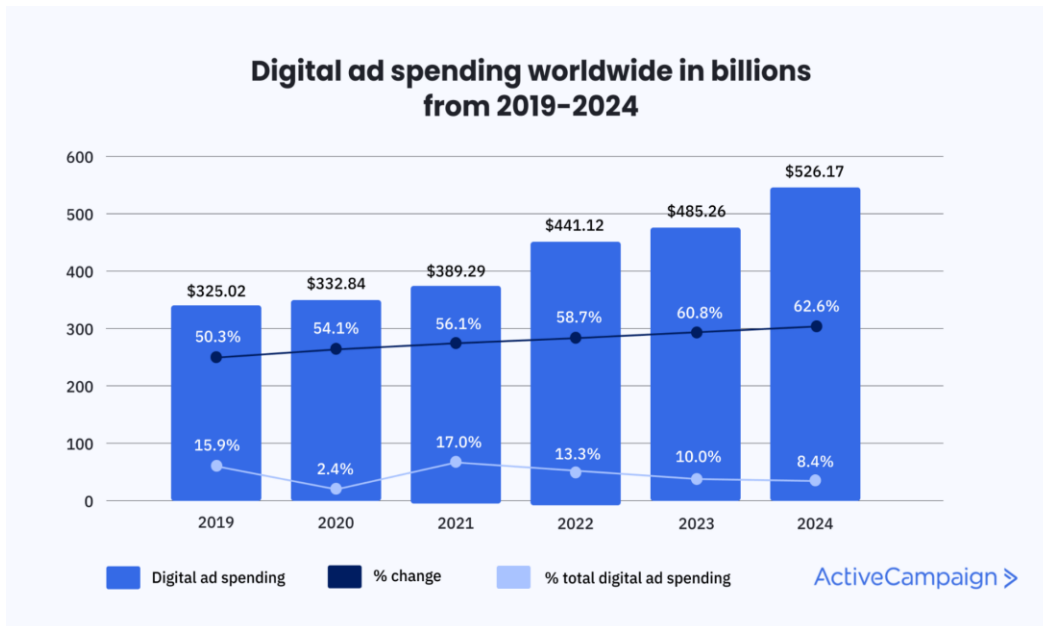
Introduction

Marketing is the promotion of goods and services to increase demand leading to higher sales, revenue and profits. It means to identify and satisfy customer's needs profitably as well as promote the brand through various channels to reach and communicate effectively with customers. Digital marketing is the promotion of brands done through digital platforms, communication and technology, with the use of electronic mediums and the internet. Enterprises, both small and big may use a wide variety of methods to maintain an omnichannel presence digitally.

Theory

Potential of digital marketing

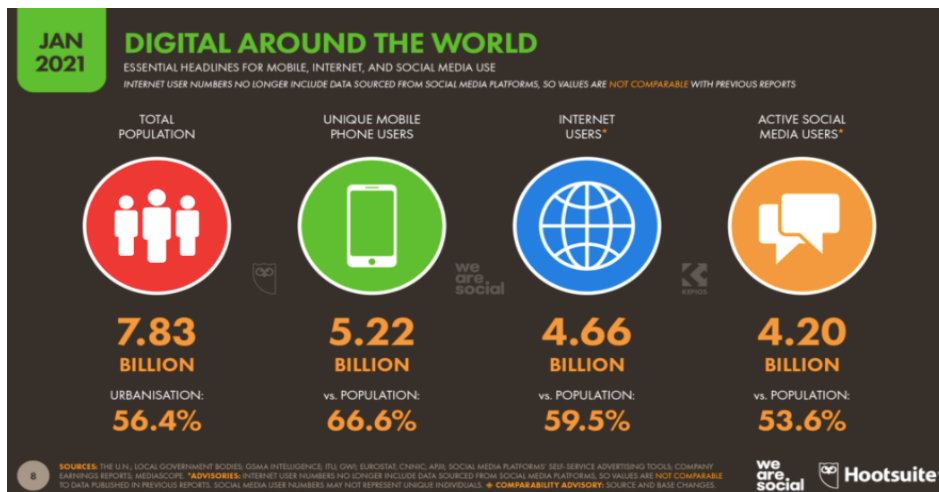
Over 50% of the world's population owns mobile phones, has adequate internet access and plays an active role on social media. Such an enormous audience provides companies, both small and large scale an opportunity to capitalize on an easily accessible customer base to boost sales and revenue significantly. A popular saying goes by – where there is attention, there is money. That, added to the fact that digital marketing is very cost effective, interactive and customized makes it an obvious choice for enterprises around the globe to engage in digital promotions. This has caused a spike in digital ad spend, which can be shown by the graph below.



The average growth in digital ad spend over the last 4 years is about 12%, a healthy increase that signifies that digital marketing is here to stay and as firms are receiving exposure and knowledge to the promotion techniques of the 21st century, they are diving in to secure their spot.

The average screen time for a person worldwide is 6 hours and 57 minutes, or about 7 hours. Think about it. An average person from the world, who is most probably living a life of poverty, has inadequate access to sufficient nutrition, clothing or even shelter is spending a third of their day on the screen. This is the 21st century! Accessibility, affordability, innovation and infrastructure combined with technological globalization has ensured that almost each person in the world has access to a gadget and the internet. Rich or poor, regardless of religion or culture, 67% of the world shares one common feature – they own a mobile phone. Everyone is on the internet!

The following image can summarize this information:-





This is exploited by countless enterprises, throughout the world that capitalize on social media and content marketing to maintain an omnichannel presence and encircle customers with goods and services, to create a brand recall value and generate sales. As a result, in the coming years more than 80% of all ad spend will be digital.

Why are firms switching to digital marketing?

The first few pages emphasized on the potential of digital marketing, how its been dominating the globe and statistics that prove that enterprises have been switching their preference from traditional to digital promotions. In addition to the fact that all attention is digital, there are other factors too that lead to a popular choice of digital marketing for small and big enterprises, such as:-

1. **It is cost effective** – Several social media sites , blogging mediums and the internet in general are free of cost for firms to conduct organic marketing. Additionally, paid ads on social media and the internet are more cost effective than printing ads in newspapers and magazines since the cost of printing, delivery and sales is eliminated. This is great for small scale industries such as paper bags , restaurants, decorations, stationary and bakeries that are new to the market or have insufficient amounts to invest at the beginning.
2. **It is entertaining and engaging** – Content marketing allows customers to gain valuable insights, knowledge and content written by the business before they purchase the advertised product, which helps build trust and customer satisfaction. It is also engaging since customers can give feedback through surveys, questionnaires and comments and can react to pieces of content published by brands. They could also write emails for feedback.
3. **Targeted reach-** – It enables enterprises to pursue a very niche or targeted market at a low cost without sending advertisements to a larger segment of people, which saves money and allows the right people to receive the right promotions. It allows targeting based on location, age , gender and interests. This makes it cheap and effective for local firms such as restaurants, cafes, beauty parlours and shops.

Vol. No Issue No, Date of publishing

4. **Global reach** – Brands that desire to expand globally, attract a large customer audience or sell online courses or digital products/services are no longer restricted to a local audience and can attract customers globally at a low cost. Online stores and e commerce websites too can sell their goods to a global audience.
5. **Analytics** – Paid social media campaigns can generate analytics which help enterprises analyse what kind of people interacted or ignored their advertisements. They can also track where most of their customers are coming from, and can spend more money on those platforms in the future. This was impossible through traditional marketing, since firms could never anticipate or determine whether their clients came through billboards, flyers or newspaper ads, and could not compare which type of marketing was working best. This is especially helpful for small firms, since they know what works for them and what does not and can hence spend money accordingly.



Methods of digital marketing

The average attention span of a human being has shortened to a miniscule 8 seconds. This is a reduction of 50% over the last 10 years. As a result, small and large scale businesses are bending towards the production of engaging videos and infographics with creative concepts to capture the attention of customers, rather than displaying monotonous ads or focussing on writing.

The following are the major types of digital marketing:-

Social media marketing – It is the use of social media platforms such as Instagram, Facebook, YouTube, Twitter, etc to promote products or services. This usually refers to product promotions done organically, through posting content in the form of pictures, videos or reels to deliver entertainment, inform customers about products and services or to keep them updated on schemes, offers or ventures undertaken by the company. It does not involve paid advertisements or outreach.

Paid social media – This refers to enterprises capitalizing upon the opportunity to display their goods & services to a well defined audience targeted regionally or on the basis of gender, location, age or interests. As mentioned, its used primarily by small scale firms that have regional constraints and wish to attract customers from a particular area. Along with being comparatively cost effective to traditional methods, it also produces analytical reports to help firms assess their success and sources of traffic and sales. However, it requires a lot of expertise to conduct effectively.

Influencer marketing – This is an extended method of social media marketing, where firms partner with influencers to promote their product, leading to a higher reach and more brand value and trust. New and small firms cannot afford this type of promotion on a regular basis. However, large companies that require brand value and trust to achieve massive scales often partner up with such content creators.

Search Engine Optimisation – SEO is the process of improving the quality and credibility of one's content and website to gain organic traffic. When done right, it leads to a website ranking in the top few when a search is done by a customer. Searchers usually click on the first few links they find on the internet when they search for a particular term. Thus, having an article on the top aids significantly to increase traffic and sales for enterprises. This is used by both, small and large scale firms but requires exceptionally great content, expertise and ability to outperform other sites and pieces of content that can potentially rank higher (since the space is highly competitive).

Pay per Click – PPC is when an advertiser pays to rank a website high on search engines, temporarily or place ads. The firm pays the advertiser per click received on the advertisement or website. Its inorganic and can potentially lead to high traffic when done right. However, it is highly costly and doesn't ensure that those who click will purchase goods and services, leading to a waste of money. Digital marketing agencies might also send bots or fake accounts to click on the website to achieve the promised results, which will drain the firm from cash but will not lead to any quality results. Its high cost makes it a suitable choice for large businesses that are well scaled or have appropriate funding or budgets.



Email marketing – This involves building a list of targeted customers and sending out emails to promote goods and services to them. It is usually done in bulk using software that personalises the emails and makes it easy to gather analytics about the percentage of emails opened, read, clicked, etc. Although it is inexpensive, customers may ignore several emails and unsubscribe quickly. Earlier, it was used by large businesses to promote their goods and services. However, now a days even small firms and small scale industries are leveraging email marketing to communicate with customers, keep them entertained, gain feedback on products, conduct market research as well as keep them updated on offers.

Affiliate marketing – This is an old one. It's the classic way of sales that has existed always. Professional marketers, sometimes customers and employees and part time workers promote goods and services of a particular company to their friends, family or any type of audience that they can capitalize on to make a commission per sale made. It is used mainly by big businesses like amazon, but small businesses too offer such programs to boost sales and to make their brand well known.

Digital marketing and small scale firms & industries

Why is digital marketing important for small firms?

1. **It helps boost sales** – Small scale industries and firms that are new to the market need a minimum number of sales to survive and make the necessary profits required to stay in the market. Additionally, small scale firms also need sales to pay good salaries/wages to employees and keep them well motivated. Digital marketing helps increase sales.
2. **It helps raise awareness on the firm's products and recall value** – Small firms and firms in small scale industries lack a great deal of attention and awareness. Social media and other forms of digital marketing help build the initial awareness required to create a brand or make profits. A higher brand recall value created through maintaining an omnichannel presence digitally by small firms will also increase customer satisfaction and will enable them to charge high prices.

Vol. No Issue No, Date of publishing

3. **It helps increase customer satisfaction** – Content marketing carried out by small firms helps better the relationship between firms and customers. Actively engaging in customer feedback through surveys, interviews, comments and questionnaires also allows firms to keep their product up to date and increases customer satisfaction.

Why do small scale industries use digital marketing?

Traditional marketing can yield effective results only when the audience to which the promotion is sent to is large, in which enterprises exploit selling economies of scale to secure large spots (full page ads) in famous magazines or newspapers or huge banners at the centre of the city to drive large traffic. However, small scale industries do not have the budget required to conduct mass marketing through traditional methods and thus cannot exploit these economies of scale. Additionally, their audience is very niche or locally restricted, such as beauty parlours, salons, pickles or toys which does not allow them to present their product to the whole market. Thus, digital marketing allows them to market in small volumes at low costs and with a targeted approach.



A small cafe in south Delhi may be constrained by locality and may only wish to target people living within a few miles radius of the restaurant. In such a case, printing an ad in the local newspaper will waste lot of money, again will waste even more money. Rather it can use Facebook and Instagram to target only people in south Delhi, with a fraction of the cost of a newspaper ad. Small businesses are also interested in increasing awareness which can be done for free through social media, SEO and content marketing.

What type of digital marketing do small scale firms engage in?

They usually focus on social media. The following poster summarises it.

Digital marketing spend for small businesses (%)



Experimental

A survey was taken personally from several small firm owners, and information regarding the types of marketing conducted by firms has been taken from the internet. The following are the findings:-

Results

- Almost all small businesses invest in social media marketing to reach customers.
- Nearly 54% of small businesses use email marketing to strengthen personal connections with their customers.
- Small businesses are increasing investment in website marketing
- In 2022, small firms have switched to video marketing to engage and captivate consumers as a result of a small attention span.
- Firms are increasingly pressurizing their own employees to carry out affiliate marketing for more sales.
- More than 75% of firms are confident about the potential of digital marketing and believe their efforts and investment have effectively led to good results
- The dominant goals for digital marketing set by firms are to generate leads, convert those leads, attract traffic on their website, increase brand loyalty and raise revenue.

I have also interviewed a catering, clothing and small scale furniture retail store. Social media and SEO has had a tremendous impact on the sales of the three firms. Each one of the firms



recounts sales rising by 20%- 50% after using social media and other forms of digital marketing.

Digital marketing for large firms and large scale industries

Why is it important?

1. **It helps raise revenue-** Large scale firms and industries need to raise a significant amount of revenue to cover fixed costs and re invest into the company, as well as an incentive for the work and to pay shareholders, investors or financial institutions. Digital marketing helps increase sales to meet these targets.
2. **It helps boost brand value-** Large scale firms such as paper, cement and automobiles need a good brand value so that customers buy goods and services from them and trust them. Brand value is also required for expansion, to open new outlets, factories or franchisees. Large firms use influencer marketing, advertisements, collaborations and sponsorships to build their brand recall value. For example, TATA has sponsored the Indian Premiere League to increase its recall and brand value.
3. **It aids in the process of expansion-** Large scale industries benefit extensively from expansion. Digital marketing, both B2B (Business to business) and consumer oriented marketing will help boost sales to such an extent that it will become viable for companies to expand and exploit economies of scale to increase profitability. A perfect example would be Tesla. This car company was very successful in digital marketing, which enabled it to expand and increase its production volume to such an extent that it can source all car components at dirt cheap prices due to the volume of its purchase
4. **It helps create a sustainable corporate image-** Public relations and corporate image is very helpful to a company. Digital marketing allows companies to tell the world about ventures and steps undertaken to ensure that their business is sustainable, environmentally friendly and/or is beneficial to the community. Tesla has been successful in delivering the vision of environmentally friendly transportation to its customers through effective digital marketing, thus boosting sales and creating a better brand perception and corporate image.

Large firms are usually very popular and already have a good amount of awareness. Unlike small firms, their primary target is not to make consumers more aware of their products. It is to convince customers, win their trust and surround them with goods and services to make them act in a way as to purchasing their products. Everybody knows that coke exists. Yet, this large scale FMGC company spends billions into marketing, not so that more people get to know about the company, but simply so that we think about it more frequently and associate the brand to be cool.

When you think of the word 'TATA', 'Reliance', 'Apple' or 'MICROSOFT', what happens? You can immediately tell what the brand is all about. This is a result of decades worth of time and billions of dollars spent towards marketing, specially digital marketing to create a brand image.

What type of digital marketing do large firms engage in?

Firms in large scale industries usually spend significantly higher amounts on content marketing as well as discounts and offers. Throughout all large scale industries, the FMGC industry spends the most on digital marketing, around 34%. This is because the FMGC market is highly competitive and associated significantly with brand value.



This also tells us that the higher the competition in the market, the larger the spend on digital marketing for that particular industry.

Take red bull for example. This energy drink company had a product that was no good. It didn't have good taste and it was not healthy either. Not to mention that it was priced out of the market! However, this company managed to sell billions of cans throughout the world every year. This is because of its phenomenal marketing strategy. It sponsors sports teams, influencers and partners with adventurous brands such as Go pro (strategic partnership since 2016) and also has a racing team. This projects red bull as a sporty, energetic brand which attracts worldwide customers and leads to unbelievable sales. Red bull is also a genius in content marketing. In 2012, red bull began an amazing campaign where they sponsored the jump of a man from the stratosphere and filmed it. Not only did it break a world record for highest jump, but also became the most viewed live stream ever at 8 million. The entire project cost \$65 million, but the exposure gained through it is said to be worth over \$1 billion, an amazing return on capital. In the following 6 months, there was a 7% rise in red bull sales accounting for an increase in revenue by \$1.3 billion.

Another example of this would be Ford. In 2009, when social media was starting to revolutionize the marketing space, Ford handpicked 100 influencers and gave them a car for 6 months each. All they had to do was make videos and tell the world about their experience. Due to this, Ford got a visibility of 6.2 million YouTube views and 40 million twitter impressions. And the result? Ford received 50,000 new customers, 6000 of whom pre ordered the Ford fiesta. This is the power of social media marketing for large scale industries such as automobiles!

Potential of Digital Marketing for the economy

As we have seen, digital marketing can prove extremely useful to small and large scale industries to boost sales, revenue and profits. This lays the foundation for expansion and creates employment in an economy.

Digital marketing helps increase the number of economic transactions and trades being carried out, enabling more production and consumption of goods and services as well as higher incomes and Gross Domestic Product. It also has a great potential for employment. It increases the sales of firms, thus raising profits, salaries, and overall economic growth.

Digital marketing agencies and companies are always on the lookout for new recruits. Currently, there are about 860,000 roles open for digital marketing specialists, waiting to be filled out. Additionally, another 8 lakh new jobs have been created in the digital marketing field. As the world is moving towards automation and AI is replacing several workers throughout different industries, digital marketing offers a unique, skilled position which is safe from the threats of automation and can potentially provide employment in the future.

A well known fact in modern economics which forms the basis of the ideology of socialism is that a large number of small enterprises, when grown and worked effectively can provide employment to a vast majority of the population. Digital marketing plays a vital role in encouraging the creation and success of small enterprises, enabling them to serve and capture a target market and profitably sell goods and services to raise funds and expand.

By allowing large industries to have a national and a global reach, as well as boost sales, digital marketing helps establish and grow vital industries that add value to an economy. Apart from firms, digital marketing can also be used for marketing large scale industries upon which a country relies, such as tourism for India or Sri Lanka, thus boosting the economy and exports. It can also be used by the government to fulfil several purposes such as raising funds or donations to grow the economy or combat a crisis.



Small scale charity organizations might use digital marketing to increase awareness for their cause and raise donations to combat small issues in society. Large scale NGOs might raise massive funds to end major problems in society such as poverty, hunger, water access or climate change. They may use content marketing to light a fire and social media to add gasoline to it, and might also use affiliate marketing to expand their sources of finance.

Thus, digital marketing is not only essential for individual firms and companies but also to promote large scale industries upon which a country may rely and to boost employment and charitable donations for the benefit of society.

Conclusion

Enterprises across the globe are making a critical shift towards digital marketing. Content marketing is the gem of the 21st century, consumers are consuming and appreciating valuable content and firms are rushing to produce it for sales. Small enterprises leverage social media extensively for its cost effectiveness and specialized targeting ability, whereas large companies are focussed on building an established brand and recall value to boost credibility and sales. Small enterprises primarily focus on using digital marketing for revenue and awareness, whereas large firms wish to expand and create a sustainable corporate image as well. Digital marketing also has significant potential to fuel economic growth and provide irreplaceable employment to millions of people, which must be explored by governments and firms. It can also help raise funds for large and small scale causes and charity events.

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