

The Role of Digital Marketing in Driving Growth of Small Business: Evidence from Mumbai City

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Abstract: *This study investigates the influence of digital marketing on the expansion of small enterprises in Mumbai City, a principal commercial center in India. Because smartphones, internet access, and digital payment systems are becoming more common, small businesses in Mumbai are using digital marketing tools more and more to improve their visibility, customer engagement, and overall performance. Evidence shows that a large number of small and medium-sized businesses (SMEs) have added digital platforms like social media, search engine optimization (SEO), and online advertising to their marketing plans. This has led to clear increases in sales and operational efficiency.*

The study shows that digital marketing offers small businesses cost-effective and targeted ways to advertise, which lets them compete with bigger companies even though they don't have a lot of money. It makes it easier to target specific customers, communicate with them in a way that is unique to them, and get feedback right away, which leads to happier customers and more loyal customers. Case studies from Mumbai show that companies that use tools like local SEO and social media advertising have seen big increases in customers and sales.

However, the study also identifies challenges such as limited strategic understanding, low adoption of advanced tools, and budget constraints among small business owners. Despite these limitations, digital marketing remains a critical driver of growth, innovation, and competitiveness. The findings suggest that with proper training, strategic implementation, and access to digital resources, small businesses in Mumbai can significantly enhance their market presence and long-term sustainability through digital marketing.

Keywords: The study shows that digital marketing offers small businesses cost-effective and targeted ways to advertise, which lets them compete with bigger companies even though they don't have a lot of money

I. INTRODUCTION

In the last few years, the fast growth of digital technologies has changed how businesses work and how they talk to customers. Digital marketing has become a powerful way for businesses to promote their goods and services online, using things like social media, search engines, email, and mobile apps. Digital marketing is a cheap and flexible way for small businesses to reach more people, build brand awareness, and compete in markets that are getting more competitive.

Mumbai is often thought of as India's financial capital. It has a wide range of small businesses in retail, services, manufacturing, and startups. These businesses used to rely on word-of-mouth advertising, local ads, and being there in person to get customers. But as the internet, smartphones, and digital payment systems become more common, there has been a big move toward online platforms. People in Mumbai are now more connected and informed online, which has forced small businesses to change how they market themselves to stay relevant and competitive.

Statement of the Problem

Small businesses in Mumbai City are important for creating jobs, growing the local economy, and encouraging people to start their own businesses. However, many of these businesses have trouble keeping up with growth and staying



competitive in a market that is becoming more competitive and driven by technology. Compared to modern digital options, traditional marketing methods like print media, word-of-mouth, and local advertising often have a smaller reach, are harder to measure, and cost more.

Objective of the study

- To look at how many small businesses in Mumbai City are using digital marketing.
- To assess the influence of digital marketing on business expansion, specifically regarding sales, customer acquisition, and profitability.
- To find out what digital marketing tools and platforms small businesses use the most, like social media, SEO, and online ads.

II. LITERATURE REVIEW

A lot of academic and industry writing has talked about how digital marketing is becoming more and more important for small businesses. A number of studies show how digital tools and platforms can help businesses grow, connect with customers, and get ahead of the competition, especially in new economies like India. Numerous researchers have underscored that digital marketing substantially improves the performance of small and medium enterprises (SMEs). A study of Indian small and medium-sized enterprises (SMEs) found that using digital marketing can help businesses do better by making them more visible online, getting more customers involved, and reaching more markets. Companies that use digital platforms are better at getting and keeping customers, which helps them make more money.

Dsilva and Singh (2024) also looked at how small and medium-sized businesses (SMEs) in India use digital marketing and found that social media marketing, search engine optimization (SEO), and content marketing are all very popular. Their research shows that digital marketing can help businesses get more customers, make their brands more visible, and get a better return on investment. The study also pointed out problems, though, like not having enough technical knowledge, not having enough money, and having trouble using analytics well. Reddy's (2023) additional research corroborates the transformative impact of digital marketing on the growth of small enterprises. The study says that digital platforms help small businesses get around traditional problems like high marketing costs and being limited to certain areas. Businesses can grow and get ahead of the competition by using social media, e-commerce, and SEO.

Research in India has demonstrated that government initiatives like "Digital India" have facilitated the adoption of digital technologies by small enterprises. Researchers have found that more access to the internet, digital payment systems, and e-commerce platforms have opened up new ways for small businesses to grow beyond their local markets and reach customers all over the country or even the world. Literature also emphasizes the significance of e-commerce integration in the expansion of small enterprises. Small businesses can sell their goods online on sites like Amazon, Flipkart, and local online marketplaces without having to spend a lot of money on physical infrastructure. This has been especially helpful for small businesses and people who work from home in cities like Mumbai.

Even with these improvements, many studies still show that problems still exist. For example, not being able to use computers is still a big problem, especially for traditional business owners. Cybersecurity worries, data privacy problems, and the fact that digital technologies change quickly all make it harder to put these plans into action. Also, small businesses may have trouble standing out in digital spaces where there is a lot of competition if they don't have a clear plan.

III. RESEARCH METHODOLOGY

The research methodology delineates the structured approach employed to examine the influence of digital marketing on the expansion of small enterprises in Mumbai City. It encompasses the research design, data collection methodologies, sampling techniques, and analytical instruments utilized in the study.



1. Research Design

The research design utilized for this study is both descriptive and analytical, as it seeks to delineate the current situation and investigate the relationships among variables. The descriptive part is about figuring out and explaining how Mumbai's small businesses are using digital marketing tools right now. It helps you figure out patterns like what kinds of platforms are used (social media, search engines, etc.), how often they are used, and why (branding, sales, customer engagement). The analytical part goes even further by looking at how digital marketing affects business growth. It looks into whether using digital marketing leads to measurable improvements in important performance indicators like:

- More money from sales
- Getting more customers
- Better visibility for the brand

This combination of descriptive and analytical design is appropriate because the study does not entail experimentation but rather emphasizes actual business practices and results. It lets the researcher come to useful conclusions about how well digital marketing strategies work.

2. Type of Data

The research employs a mixed-method approach, integrating both primary and secondary data to guarantee thorough and dependable results.

Primary Data :

The research objectives are very relevant and specific because primary data is collected directly from the people who responded (small business owners/managers). It has:

- Answers to surveys about how people use digital marketing
- Thoughts on how well it works and what problems it has
- First-hand knowledge of how to grow a business

This kind of data is very important because it shows how businesses in Mumbai really work and what people think about them.

IV. DATA ANALYSIS

Table 1 : Usage of Digital Marketing

Response Category	Number of Respondents	Percentage (%)
Yes, regularly	23	65.7%
Yes, occasionally	4	11.4%
Planning to start	7	20.0%
Not using it	1	2.9%
Total	35	100%

Interpretation:

A large number of people who answered (65.7%) said they use digital marketing regularly, which shows that many small businesses in Mumbai have adopted it. A very small number (2.9%) of people aren't using it at all, which shows that digital marketing is now a must-have for businesses.

Table 2 : Most Used Digital Marketing Platforms

Platform	Number of Respondents	Percentage (%)
Instagram	20	57.1%
WhatsApp Business	11	31.4%
Facebook	3	8.6%
Total	35	100%



Interpretation:

Instagram is the most popular platform (57.1%), followed by WhatsApp Business. This shows that small businesses in Mumbai do very well with communication tools that are visually interesting and direct. 57.1% of people said they use Instagram the most, followed by WhatsApp Business at 31.4%. Only 8.6% of businesses use Facebook. This shows that people clearly prefer platforms for direct and visually interesting communication. This trend shows how important it is for apps to work well on mobile devices. Companies are picking platforms that let them interact with customers better.

Table 3 : Frequency of Digital Promotion

Frequency	Number of Respondents	Percentage (%)
Daily	24	68.6%
Weekly	6	17.1%
Monthly	4	11.4%
Rarely	1	2.9%
Total	35	100%

Interpretation:

A large majority (68.6%) promote their business every day, which shows that they think being online all the time is necessary for growth. About 68.6% of businesses advertise their goods every day, and 17.1% do so once a week. About 11.4% of people promote every month, and only 2.9% do it very rarely. This shows that most businesses have a consistent online presence. Promoting often helps customers get more involved. It shows that digital marketing strategies are being used.

Table 4 : Purpose of Using Digital Marketing

Purpose	Number of Respondents	Percentage (%)
Increase sales	24	68.6%
Communicate with customers	7	20.0%
Brand awareness	4	11.4%
Total	35	100%

Interpretation:

68.6% of businesses say that the main goal of digital marketing is to boost sales, which shows that they see digital marketing as a way to make more money. 68.6% of businesses use digital marketing mostly to boost sales. About 20% use it to talk to customers and 11.4% to get people to know about their brand. This shows that making money is the main goal. People also use digital marketing to build relationships. It serves many purposes in helping businesses grow.

Table 5 : Impact on Customer Base

Impact	Number of Respondents	Percentage (%)
Increased significantly	19	54.3%
Increased slightly	14	40.0%
No change	1	2.9%
Decreased	1	2.9%
Total	35	100%

Interpretation:

More than 90% of those who answered said they had more customers, which shows that digital marketing is very good for business growth. More than half (54.3%) of businesses said they had a big rise in customers, and 40% said they had a small rise. Only 2.9% said nothing had changed, and another 2.9% said things had gotten worse. This clearly shows that digital has a big positive effect.



Table 6 : Marketing Budget Allocation

Budget Allocation	Number of Respondents	Percentage (%)
Less than 10%	14	40.0%
10–25%	10	28.6%
26–50%	7	20.0%
More than 50%	3	8.6%
Total	35	100%

Interpretation:

Most businesses spend less than 25% of their budget on digital marketing, indicating that even low investment can yield positive results. About 40% of businesses spend less than 10% of their budget on digital marketing, and 28.6% spend between 10% and 25%. About 20% give 26–50%, and only 8.6% give more than 50%. This shows that most businesses don't have a lot of money to spend. Even so, they still gain from digital marketing. It shows that digital marketing is a good value.

Chi Square Analysis

Particulars	Value
Null Hypothesis (H_0)	There is no significant relationship between digital marketing usage and business growth
Alternative Hypothesis (H_1)	There is a significant relationship between digital marketing usage and business growth
Level of Significance (α)	0.05
Degree of Freedom (df)	3
Calculated Chi-Square Value (χ^2)	9.21
Table Value (Critical Value)	7.815
Decision	Reject H_0
Result	Significant relationship exists

Interpretation:

The null hypothesis is rejected because the calculated Chi-square value (9.21) is higher than the critical table value (7.815) at a 5% level of significance. This shows that there is a statistically significant link between using digital marketing and business growth. It means that using digital marketing directly leads to more customers and sales. So, digital marketing is a big part of how small businesses in Mumbai grow

Summary of Findings:

The study shows that digital marketing is very important for the growth and success of small businesses in Mumbai City. Most businesses now use digital marketing in some way, and most do so on a regular basis to promote their goods and services. Many people like Instagram and WhatsApp Business because they are easy to use and work well for reaching customers.

The results show that digital marketing has a big, positive effect on how well a business does. Most people who answered said that their sales and customer base grew after they started using digital marketing. Businesses have been able to improve their visibility and keep strong relationships with customers by regularly promoting and engaging with them online.

The study also shows that digital marketing is a good way to save money because many businesses get good results even with a small budget. But there are still problems with its effective use, such as not having enough technical knowledge, money, or time.



Also, a statistical test called the Chi-square test shows that there is a strong link between using digital marketing and growing a business. This shows that digital marketing is not only helpful, but also necessary for small businesses in Mumbai to do well and stay in business.

In general, the results show that digital marketing is a powerful tool that helps businesses grow, stay competitive, and grow over time.

V. CONCLUSION

To sum up, digital marketing has become an important tool for small businesses in Mumbai City to grow and stay in business. The study clearly shows that using digital marketing techniques can greatly improve business performance by reaching more customers, making the brand more visible, and increasing sales. As more people use smartphones and the internet, businesses need digital platforms to stay competitive in a market that is always changing. The results show that most small businesses use digital marketing, especially social media sites like Instagram and WhatsApp, to connect with customers and promote their products and services. Businesses can still get good results even with small budgets, which shows how affordable and easy to use digital marketing tools are.

The study also finds some problems that make it hard to use digital marketing strategies effectively, such as not having enough technical knowledge, not having enough money, and not having enough time. Training, awareness programs, and better access to digital resources can help small businesses even more by solving these problems.

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