LOCAL MSMES

Beyond Going Online: Understanding Digital Marketing Challenges among Local MSMEs

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Abstract

Digitalisation has become increasingly relevant to local micro, small and medium enterprises (MSMEs), as customers use search engines, maps, social media and messaging platforms to find nearby products and services. However, access to digital platforms does not mean that businesses use them regularly or effectively. This study examines the digital marketing practices and challenges of local MSMEs, based on a primary survey of 60 businesses in Kharghar, Navi Mumbai, using a descriptive research design and structured questionnaires. The sample covered medium, small and micro enterprises. Digital adoption was found to be uneven: only 45.0 per cent of the businesses reported some form of digital presence, and the figure for micro enterprises was 23.3 per cent. A gap was also found between digital presence and customer discovery. Among micro enterprises, 70.0 per cent had a Google Business Profile, but only 3.3 per cent reported Google search as a customer discovery channel. Lack of time and lack of knowledge were the most frequently reported barriers, while budget was reported much less often. The study concludes that local MSMEs need practical, simple and business-specific support rather than only access to digital tools or paid advertising.

Keywords: customer discovery; digital adoption; digital marketing; digital visibility; local businesses; MSMEs; Navi Mumbai

1 Introduction

Micro, small and medium enterprises (MSMEs) play an important role in local economic activity. In neighbourhood markets, many businesses depend on repeat customers, personal relationships, word of mouth and their physical location. However, the way customers discover local businesses is changing. Search engines, online maps, social media and messaging applications have become important channels through which customers identify products and services.

For local MSMEs, digital marketing offers relatively accessible ways to communicate with existing and potential customers. A business can maintain an online profile, provide its location and operating hours, respond to enquiries, display products and services, and communicate through social media or messaging platforms. Many of these tools are available at little or no direct cost.

Access to a digital tool, however, does not automatically result in effective use. A business may have a social media account that is rarely updated, a business profile with incomplete information, or an online listing that customers do not use for discovery. The question is therefore not only whether an MSME is present online, but also whether its digital presence is active, relevant and useful to customers.

For a small neighbourhood business, digital marketing does not require a complex website or a large advertising budget. It can involve basic activities such as maintaining a Google Business Profile, using

WhatsApp Business, posting relevant information on social media, responding to enquiries and keeping business information accurate and easy to find.

2 Problem statement

Many local MSMEs have taken the first step of creating an online presence, yet digital presence, regular digital usage and actual customer discovery do not always move together. Businesses may hold accounts and profiles that are incomplete, inactive or unused by customers. Lack of time, knowledge and routine may prevent owners from converting their online presence into visibility. This study examines the digital marketing practices of local MSMEs in Kharghar, Navi Mumbai, the barriers they face and the kind of support they consider useful.

3 Objectives of the study

1. To study the level of digital marketing adoption among local MSMEs in Kharghar, Navi Mumbai.
2. To identify the digital platforms used by medium, small and micro enterprises.
3. To examine how regularly businesses use digital platforms and who handles digital marketing.
4. To analyze the gap between having a digital presence and being discovered by customers.
5. To identify the barriers faced by business owners and the types of support they prefer.

4 Research questions and hypothesis

1. How widely do local MSMEs use digital marketing, and does this differ by enterprise size?
2. Does having an online profile translate into regular use and customer discovery?
3. What are the main barriers that prevent MSMEs from using digital marketing effectively?
4. What type of support do business owners consider most useful?

Hypothesis: Digital presence among local MSMEs does not necessarily lead to regular digital usage or customer discovery through digital channels.

5 Literature review

The review draws on four sources that frame digital marketing practice and the policy context of MSMEs in India.

The annual report of the Ministry of Micro, Small and Medium Enterprises, Government of India (2024) is the official source on the MSME sector and is used here for the policy and economic context of MSMEs in India.

Chaffey and Ellis-Chadwick (2022), in Digital Marketing: Strategy, Implementation and Practice, provide a standard account of digital marketing strategy and implementation, which serves as the conceptual basis for platforms, usage and measurement in this study.

Kotler et al. (2021), in Marketing 5.0: Technology for Humanity, discuss the role of technology in reaching and serving customers.

The Open Network for Digital Commerce (2024) network policy and seller onboarding guidelines describe how small sellers are brought into digital commerce.

Gap addressed: these sources describe the tools and frameworks of digital marketing, whereas this study provides a local, primary-data baseline on whether small businesses actually use these tools and are found through them.

6 Research methodology

- **Research design:** Descriptive research design, focused on the existing level of digital marketing adoption.
- **Target population:** Local micro, small and medium enterprises in Kharghar, Navi Mumbai.
- **Sample size:** 60 enterprises (10 medium, 30 micro and 20 small).
- **Sampling method:** Purposive sampling, to obtain responses from different types and sizes of local businesses.
- **Data source:** Primary data.
- **Data-collection method:** Structured questionnaires administered directly to business owners or representatives, over eight days in August 2026. Participation was voluntary and respondents were informed about the academic purpose of the study.
- **Variables studied:** Digital presence, platform usage, posting frequency, responsibility for digital marketing, customer discovery channels, perceived barriers, support requirements and willingness to adopt digital marketing.

The composition of the sample is given in Table 1.

Table 1. Composition of the survey sample.

Group	Type of Enterprise Covered	Responses	Share
Set A	Medium enterprises such as healthcare, manufacturing and trading firms	10	16.7%
Set B	Micro enterprises such as kirana shops, tailors, mobile repair and salons	30	50.0%
Set C	Small retail and service shops such as clothing, cafes, electronics and pharmacy	20	33.3%
Total	Local entrepreneurs	**60**	**100.0%**

7 Data analysis and interpretation

7.1 Digital presence

Only 27 of the 60 surveyed businesses (45.0 per cent) reported some form of digital presence. Among the 30 micro enterprises, only 7 (23.3 per cent) did so, a considerable gap compared with the medium and small groups.

Digital presence by enterprise group is shown in Figure 1.

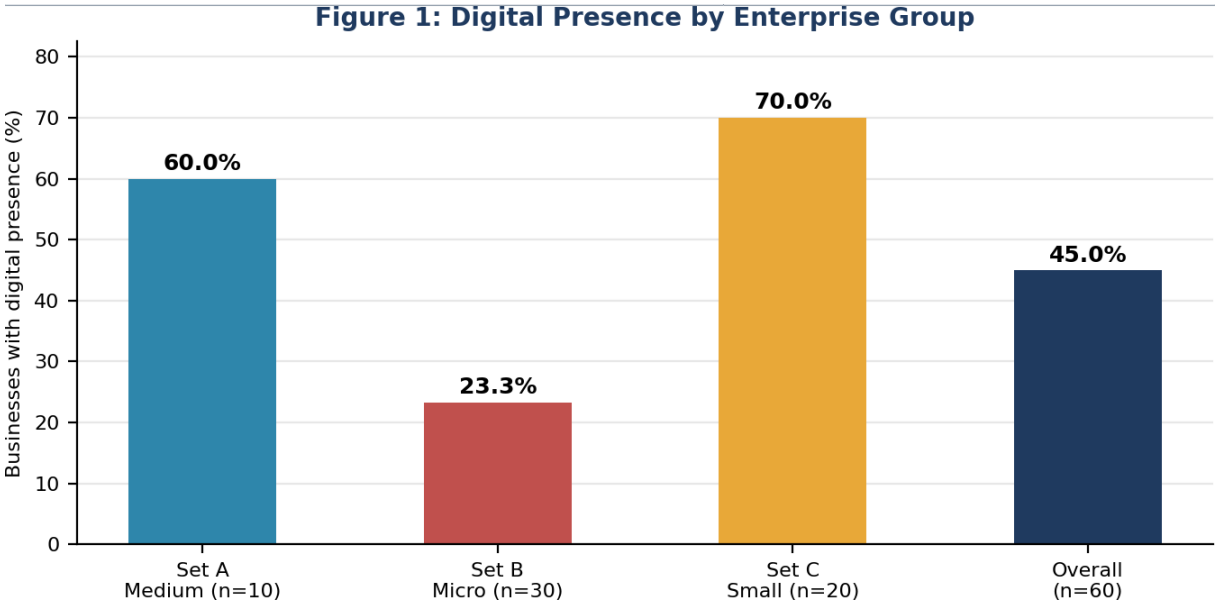


Figure 1. Digital presence by enterprise group.

7.2 Platform use

WhatsApp was widely used across groups. Instagram was more relevant for visually oriented businesses such as clothing shops and cafes, and LinkedIn was reported mainly by businesses serving other businesses. Platform choice therefore depends on the nature of the business and its customers. Platform-wise presence is given in Table 2.

Table 2. Platform-wise presence, by enterprise group.

Platform	Set A, Medium (n=10)	Set B, Micro (n=30)	Set C, Small (n=20)
WhatsApp / WhatsApp Business	7 (70.0%)	11 (36.7%)	5 (25.0%)
Instagram	Nil	2 (6.7%)	7 (35.0%)
Google Business Profile	Nil	21 (70.0%)	6 (30.0%)
Facebook	Nil	1 (3.3%)	Nil
LinkedIn	2 (20.0%)	Nil	Nil
Website	1 (10.0%)	Nil	1 (5.0%)
No platform used for promotion	Nil	16 (53.3%)	Nil

Source: Primary survey. Percentages are of the respective group.

7.3 Frequency of posting

Having an account does not mean it is used regularly. Overall, 28 businesses (46.7 per cent) never posted online. Including those who posted rarely, the share reaches 70.0 per cent, so irregular use is an important part of the adoption problem. The distribution is shown in Figure 2.

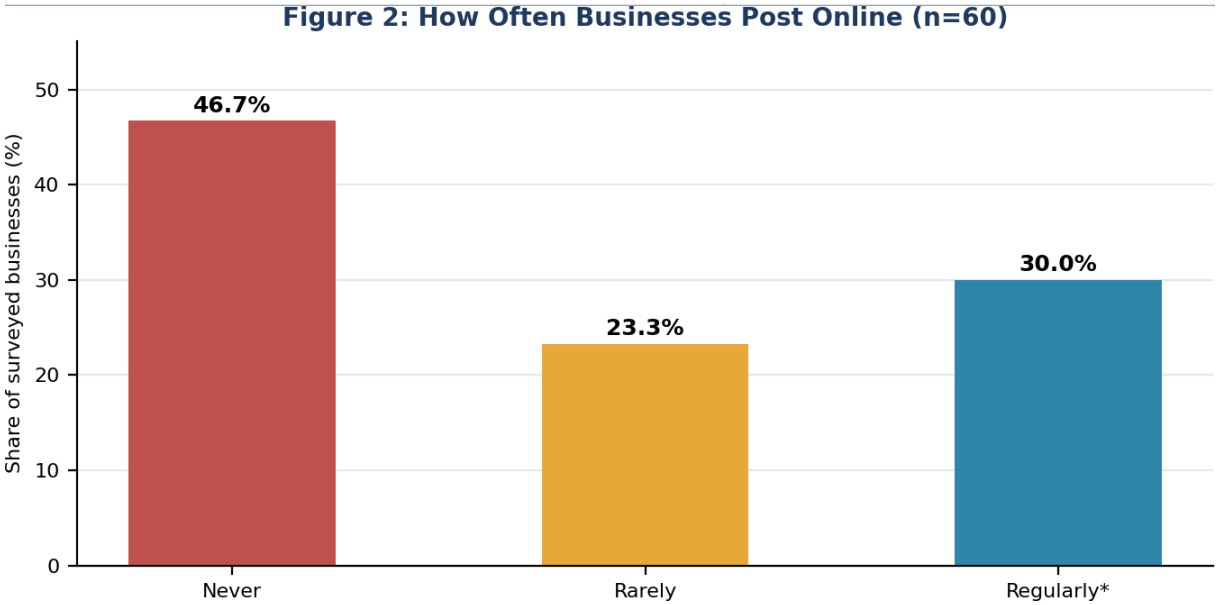


Figure 2. How often businesses post online (n = 60). Regularly (daily, weekly or occasional posting) is derived as the balance of the never and rarely figures.

7.4 Who handles digital marketing

Responsibility for digital marketing is summarised in Table 3.

Table 3. Who handles digital marketing (n = 60).

Who Handles Digital Marketing	Number	Share
Owner, himself or herself	29	48.3%
An employee	7	11.7%
A separate person or an agency	4	6.7%
Nobody handles it	20	33.3%

Nearly half of the owners handle digital marketing personally, and only four businesses have a separate person or agency. This matters because 80.0 per cent of the micro businesses surveyed were run by one or two people, so digital marketing competes directly with day-to-day work for the owner's time.

7.5 Barriers

Lack of time was the main problem for 25 respondents (41.7 per cent) and lack of knowledge for 18 (30.0 per cent). Only three respondents (5.0 per cent) named budget. The issue is not whether digital tools are available, but whether owners have the time, knowledge and routine to use them consistently. The main barriers are shown in Figure 3.

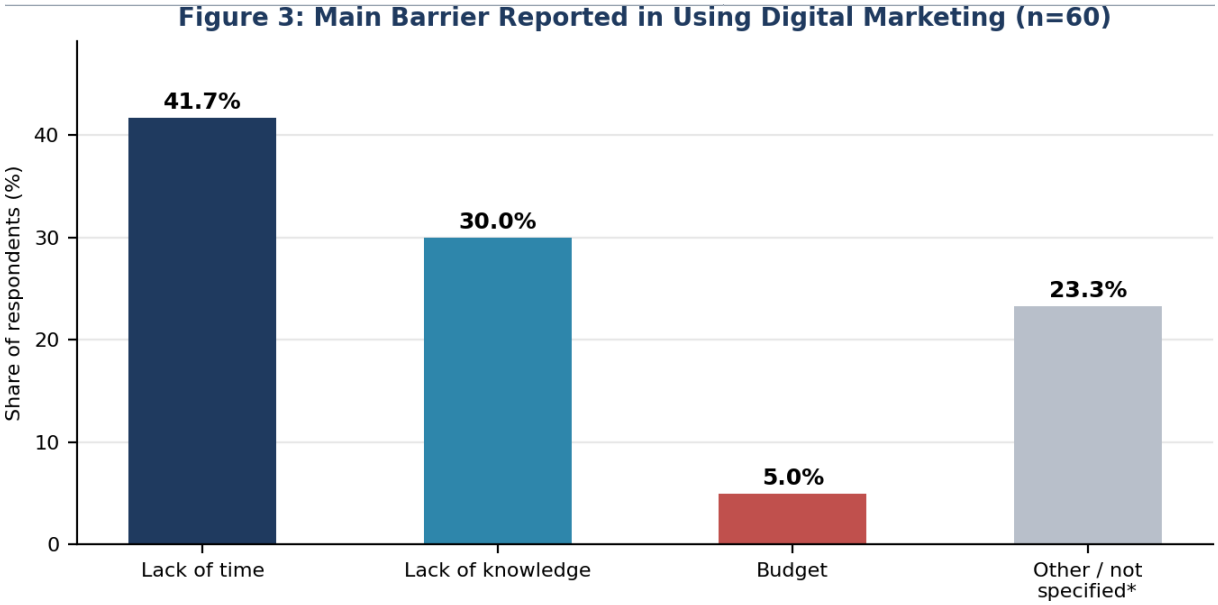


Figure 3. Main barrier reported in using digital marketing (n = 60). Other / not specified is the balance of respondents after time, knowledge and budget are accounted for.

7.6 The digital visibility gap

Among the 30 micro enterprises, 21 (70.0 per cent) had a Google Business Profile, yet only one (3.3 per cent) reported Google search as a main way customers found the business. Most customers still came through walk-in visits and word of mouth. This gap is shown in Figure 4.

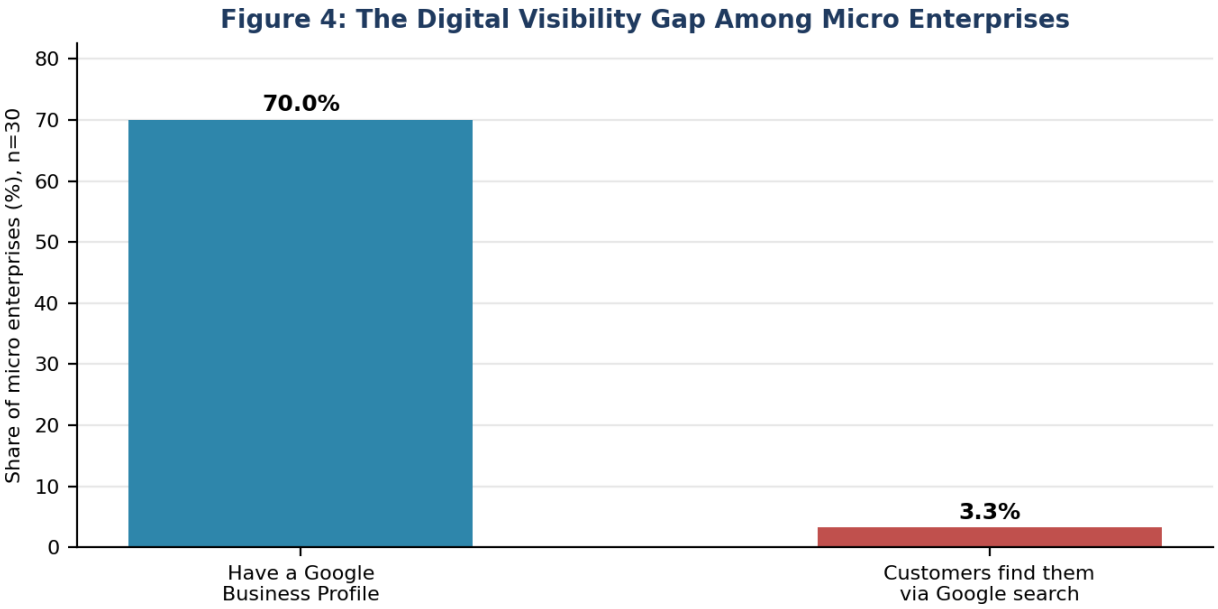


Figure 4. The digital visibility gap among micro enterprises (n = 30).

A profile may exist without being complete, accurate, active or useful. Practical issues identified included incomplete photographs, missing operating hours, incorrect or incomplete business categories, unanswered reviews and problems with map information. Digital adoption should therefore be judged in three stages:

Digital presence → Digital usage → Digital visibility

A business can be present online without using its account regularly, and can use an account without being discovered through that channel.

7.7 Support needed and willingness to adopt

Social media marketing was chosen by 36 respondents (60.0 per cent) as the area where support would be most useful. Some owners used "social media" broadly to mean online promotion and visibility among nearby customers, so search and map visibility may matter as much as social media activity for a neighbourhood business. The support wanted is shown in Figure 5, and willingness to adopt in Table 4.

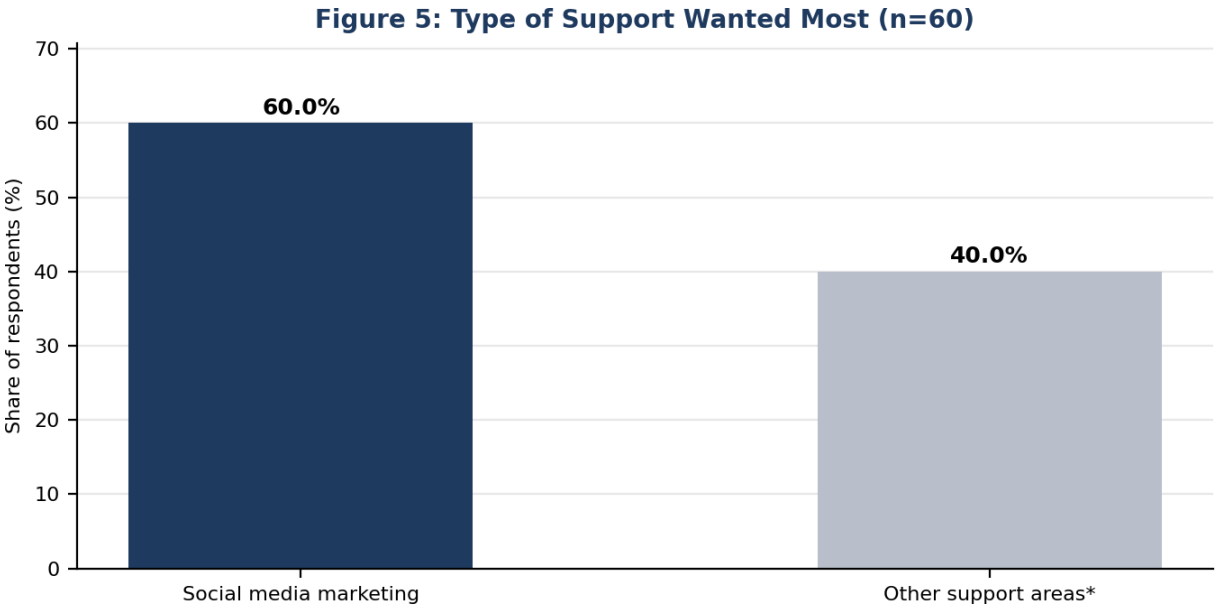


Figure 5. Type of support wanted most (n = 60). Other support areas include Google Business Profile assistance, online advertising, SEO, content creation and customer engagement.

Table 4. Willingness to adopt digital marketing.

Question Asked	Group	Response
Interested in adopting the practices suggested	Sets A and C (n=30)	90.0% positive
Digital marketing improves visibility and reach	Set A (n=10)	100.0% agree
Digital marketing can help the business grow	Set C (n=20)	75.0% yes
Planning to expand online	Set B (n=30)	46.7% yes

There is a clear difference between willingness and capacity: businesses recognise the value of digital marketing but may still lack the time or skills to act on it.

8 Findings

- Digital presence is limited: 45.0 per cent of businesses overall and only 23.3 per cent of micro enterprises have any.
- Usage is irregular: 46.7 per cent never post online, and 70.0 per cent never or rarely post.
- Digital marketing is mostly owner-managed (48.3 per cent), and 33.3 per cent of businesses have nobody handling it.

- A digital visibility gap exists: 70.0 per cent of micro enterprises have a Google Business Profile, but only 3.3 per cent are found through Google search. 96.7 per cent are found offline.
- Lack of time (41.7 per cent) and lack of knowledge (30.0 per cent) are the main barriers; budget is cited by only 5.0 per cent.
- Willingness to adopt digital marketing is high (90.0 per cent in Sets A and C), but capacity is limited.
- Platform use depends on the type of business rather than one universal preference.

The key findings are consolidated in Table 5.

Table 5. Consolidated key findings.

Finding	Result
Total shops surveyed	60
Shops with any digital presence	27 (45.0%)
Micro shops with a social media account	7 of 30 (23.3%)
Micro shops having a Google Business Profile	21 of 30 (70.0%)
Micro shops whose customers find them through Google	1 of 30 (3.3%)
Micro shops whose customers find them offline	29 of 30 (96.7%)
Shops that never post online	28 (46.7%)
Shops that never or rarely post online	42 (70.0%)
Digital marketing handled by the owner personally	29 (48.3%)
Shops with a separate person or agency	4 (6.7%)
Main problem: lack of time	25 (41.7%)
Main problem: lack of knowledge	18 (30.0%)
Main problem: budget	3 (5.0%)
Support wanted most: social media marketing	36 (60.0%)
Never run a paid advertisement (Sets A and B)	34 of 40 (85.0%)
Already using WhatsApp Business (Sets B and C)	35 of 50 (70.0%)
Willing to adopt what was suggested (Sets A and C)	27 of 30 (90.0%)
Agree that digital marketing improves visibility (Set A)	10 of 10 (100.0%)
Micro shops having Udyam registration	21 of 30 (70.0%)
Micro shops run by one or two persons	24 of 30 (80.0%)

Source: Primary survey of 60 local MSMEs, Kharghar, Navi Mumbai, August 2026.

9 Suggestions and recommendations

- **Focus on relevant channels.** MSMEs should use the channels their customers use rather than every platform. A clothing shop may benefit from visual content, while a local service provider may need accurate search and map information.
- **Complete and correct existing profiles.** Business name, location, telephone number, operating hours, categories, products and photographs directly affect what potential customers see.

- **Match activity to capacity.** For businesses run by one or two people, a simple and sustainable routine is more realistic than an intensive content schedule.
- **Provide practical learning.** Support that helps owners complete a specific task on their own device is likely to be more useful than a general lecture on digital marketing.
- **Run local skill-building programmes.** Support institutions, business associations and educational institutions can offer periodic programmes on profile management, customer communication, content creation and simple digital measurement, in simple language with demonstrations.

10 Conclusion

The digital transformation of local MSMEs cannot be understood simply by asking whether a business is online. The 60 businesses surveyed in Kharghar show that digital presence, regular usage and customer discovery are separate aspects of adoption. The most significant finding is the gap between having a profile and being visible: 70.0 per cent of micro enterprises had a Google Business Profile, yet only 3.3 per cent were found through Google search. Lack of time and knowledge, rather than budget, were the main barriers. Going online is only the first step; the larger challenge is converting presence into regular use and meaningful visibility, for which practical, simple and business-specific support may be most useful.

11 Limitations

- The sample of 60 enterprises came from one local area and was chosen by purposive sampling, so the findings cannot be generalised to all MSMEs in India or Navi Mumbai.
- The study measured current practices and reported perceptions only. It did not test a digital marketing intervention, so it cannot show that digital marketing causes better business performance.
- The survey was conducted over a short period (eight days in August 2026).

Scope for further research: repeat the survey after six or twelve months with a larger sample across localities, business categories and sizes, and examine whether better digital adoption is linked to measurable changes in enquiries, customer discovery and business performance.

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