

CHALLENGES FACED BY START-UPS IN ADOPTION OF DIGITAL MARKETING AND E-COMMERCE PLATFORMS

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ABSTRACT

Start-ups are the backbone of Indian economy. Growth of the start-ups depends upon several factors. Digitalization is one of the important factors that determine the success of the start-ups. But there are many barriers to adopt digitalization full fledged for start-ups. This is the age of Digital marketing and customers prefer to buy more through online platforms rather than offline. Customers seek variety of information through internet, websites and different applications. Hence considering this an attempt has been made through research to understand the current promotional strategies used by the start-ups. Current research work also focuses on various challenges and obstacles in implementing digital marketing and e-commerce platforms for promotion and marketing. It was a survey based research. Total 110 respondents participated and their responses proved that availability of skilled and expertise human resource as well as budget require to it are the biggest problems that are faced by the start-up.

Keywords: Digital Marketing, Start-ups, E-Commerce, Buying behaviour, online promotion and marketing, skilled human resource etc.

Introduction

India is emerging as a leader in start-up ecosystem. As of now it is the world's third largest start-up ecosystem. Majority of the start-ups especially survived and emerged in Covid -19 pandemic are technology led start-ups. India has witnessed a growth of 12 to 15% in start-ups every year from last three years. Start-ups have a greater potential for the employment. According to NASSCOM report 2020, it has been observed that Start-ups have employed more than 4 lakhs people in the country.

Start-ups in India have witnessed an extremely dynamic as well as multi-faceted business opportunities. Looking towards the pace of technology emerged in the business and delivering high customer satisfaction, start-ups need to adopt ICT tools like internet marketing and e-commerce to cope-up with increasing stiff competition.

Covid-19 has a major impact on start-ups. 50% of start-ups had to shut down their businesses. There are many reasons for it. But one of reason could be the lack in use of technology, digitalization, internet marketing and e-commerce. Technology is like oxygen that start-ups need it to breathe in order to sustain in the competitive market. Internet marketing and E-commerce in business becomes essential especially for start-ups.

Recent Covid pandemic has a great extent of impact on start-ups. Survived start-ups and newly emerged start-ups in the Covid 19 pandemic are based on technology in business operations. One can see every fort night changes are occurring in the technology. This can create the problems for start-ups if they are not changing themselves according to new emerging technology. In other side if these start-ups research and understand actual need of right technology can help their start-up to accelerate their business and profit as well.

Current study is conducted with the aim of determining the key elements or factors that have impact on adoption of internet based marketing and E-Commerce platforms. Research work also investigated the prominent marketing channels deployed by these businesses in the current scenarios.

Literature Review

Lim (2021) current article elaborates the importance of e-commerce especially for start-ups. It explores various opportunities and advantages that can be seized through e-commerce. Author opined that in this highly competitive market e-commerce is the best way to reach to the target consumers. Start-up business should have their online store so millions of customers can attach through it. Online presence of start-up will be useful for connecting customers irrespective of geographical hurdle. Author identified that newly started enterprises generally don't dare to jump for online presence due to uncertainty of business, customers, and services.

Dembla (2019) author focused on the role of Indian Start-ups in the growth of e-commerce. Author observed that in coming decade there will be explosion of e-commerce industry. Looking towards the statistics of number of internet users, sales and revenue of online or web based business author suggested that it is must for start-ups to connect with technology like e-commerce, internet marketing and promotion etc. Author explored that initiating online store for the start-up is not simpler and it requires an extensive research and preparation. But definitely online presence of start-ups will provide great significance in terms of volume of customers, sales, revenue and ROI etc.

Gubhaju (2020) study was conducted with the objective of understanding the value of digital marketing for start-ups. It was a qualitative research approach and interviews were conducted with selected start-ups. Results found that digital marketing is the way to create, sustain and establish customer relationship management. Research also observed websites, industry-specific outlets, and forums significant for the start-ups. Researcher found that most of the start-up hesitates to implement digital marketing in their initial period.

Gulati (2019) researcher examined the importance of internet-based promotion as internet becomes the primary source of information before they buy any product. Customers buy the product through considering the reviews and ratings received online. Marketing has witnessed paradigms shift in last one decade. Even the pace of change was rapid in past two years considering last 50 years. This change is because of the innovation and invention through digital marketing.

Jha (2020) start-ups had a challenging time during covid 19 crisis. In the covid pandemic only those start-ups hold on that are backed by digital support, online support and e-commerce presence. Covid 19 stimulated the start-ups to bring creative disruptions in the business. During Covid pandemic start-ups undergone big transformation and the it was only possible because of its adoption of digitalization, web presence and Social media marketing.

Shin (2001) start-ups generally uses than traditional methods of marketing but there is no alternative for their online presence to remain competitive in the market. Here internet marketing was including email marketing, website, blog writing, social media marketing, you tube, influencer marketing etc.

Zhang & Sun (2008) researcher elaborated the attitude of management and employees are important for the acceptance of IT infrastructure and use of latest technology.

Kuckertz (2020) resilience is important factors especially in entrepreneurial crisis management. Start-ups sustained in the Covid-19 pandemic are mostly technology-based start-ups.

Agarwal (2020) covid-19 pandemic situation has affected different industries badly and this has a fair share in the success and failure of the start-up ecosystem. Consumer changing preferences is one of the biggest challenges for the start-ups and for sustaining in the eco system start-up has to adopt the digitalization.

Sengupta. (2020) researcher has focussed on the different challenges faced by the start-ups during covid-19. Reach to the customers, lockdowns, unavailability of resources etc.

Caldeira & Ward (2002) SMEs worldwide has accepted the technology by recognising the benefits. Researcher has suggested that SMEs should invest their resources for technical skill development for achieving successful commercialization over digital channels.

Statista (2022) research report given detail information about changing shopping behaviour of the customers during covid-19 pandemic. It has been observed that customers prefer online mode for shopping especially house hold and electronic products.

Objectives

Objective of the research work is as follows.

1. To understand the current marketing practices followed by start-ups
2. To determine the extent of use of internet marketing and e-commerce by start-ups.
3. To investigate the challenges faced by the start-ups in implementing internet marketing and e-commerce

Hypothesis

H0: There is no effect of Skills and expertise deficiency of start-up personnel and implementation of internet marketing and e-commerce

H1: Skills and expertise deficiency of start-up personnel affects the implementation of internet marketing and e-commerce

H0: Financial constraint does not restrict start-ups for adopting internet marketing and e-commerce.

H1: Financial constraint restricts start-ups for adopting internet marketing and e-commerce.

Research Methodology

Research Design	Content	
Research Approach	Descriptive Research Design	
Data Collection	Primary data	Through Questionnaire
	Secondary Data	Through Research Paper, Blogs, Websites and Books etc.
Sampling	Sampling Technique	Snowball Sampling
	Sample Size	110

Table No. 1: Research Methodology

Data Analysis

Sector wise classification of participant Start-ups.

Sector	Frequency
Agriculture	12
Manufacturing	7
Transport & logistics	7
Information Technology	21
Insurance	3
Healthcare	6
Reality Sector	7
E-commerce	6
Hotel and Restaurant	14
Food Industry	11
Other	06

Table No.2:- Sector wise start-up details

Interpretation

Above table explores the sector wise participants or start-up classification in the survey. It has been observed that 21 start-up were belongs to Information technology followed by 14 Hotel and Restaurants, 11 Food industry, 12 Agriculture etc.

Tools used for Promotion

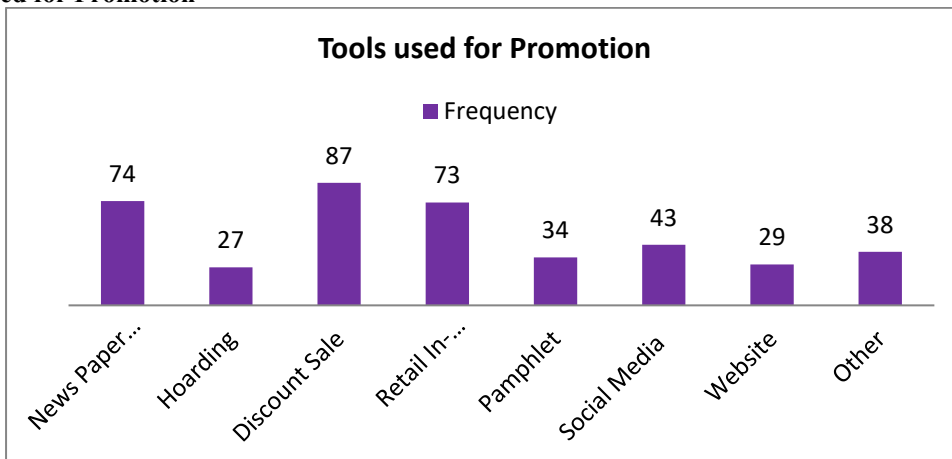


Fig. No.1: Tools used for promotion

Interpretation

From the above figure it is observed that traditional tools of promotion is used more as compared to internet media like Social media, website, blogging etc. There were 87 respondents replied that they use Discount sale followed by News paper advertisement, Retail in-store advertisement (73). There were only 43 respondents who use Social media and only 29 start-ups having their website.

E-Commerce Platforms used by start-ups for Promotion and Selling

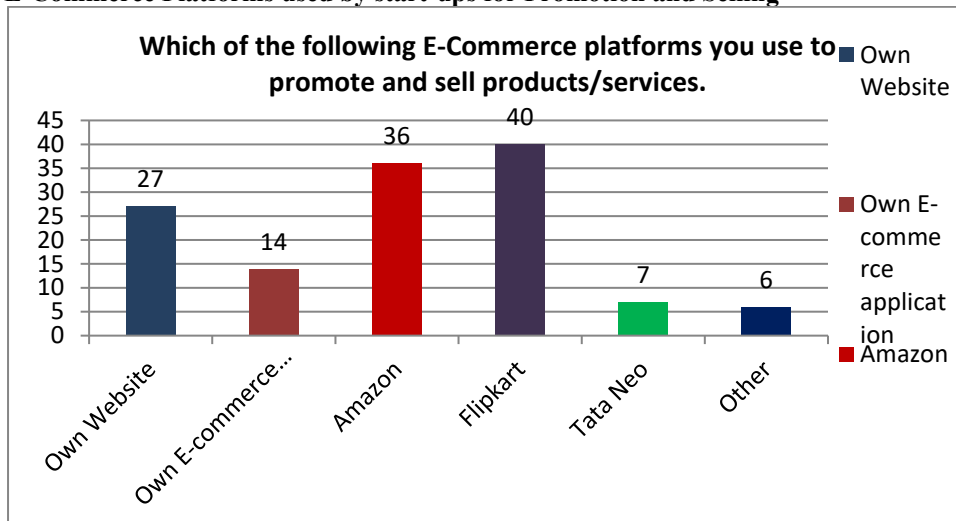


Fig. No.2: E-Commerce Platforms used

Interpretation

Above figure exploring that there were only 27 start-ups having their own website, 14 start-ups having their own e-commerce application. There were 36 start-ups uses Amazon, 40 respondents uses Flipkart, 7 respondents were using Tata Neo and 6 start-ups using other e-commerce platforms.

Challenges faced by Start-ups in implementing Digital marketing and E-Commerce

Challenges	Fully Agree	Agree	Neutral	Disagree	Fully Disagree	Mean
Availability of Skilled Human resources	44	39	19	3	5	4.036364

Availability of experienced and expert resource	51	28	15	7	9	3.954545
Low budget	82	14	10	2	2	4.563636
Less awareness of Digital Marketing and E-Commerce	34	29	16	15	16	3.454545
Stiff Competition	46	19	27	9	9	3.763636
Sharing of profit to e-commerce platforms	37	42	9	9	13	3.736364

Table No.3: Challenges in Digital Marketing and E-Commerce

Interpretation

Above table depicting that Low budget and stiff competition are the major challenges for start-ups to implement digital marketing and E-commerce. Respondents responses shows that having less awareness of tools of digital marketing and various platforms of E-commerce is also a major challenge. Even availability of experienced and expertise for digital marketing found a major challenge followed by sharing of profit to e-commerce platforms and availability of skilled human resources.

Hypothesis Testing

Hypothesis-I

H0: There is no effect of Skills and expertise deficiency of start-up personnel and implementation of internet marketing and e-commerce

H1: Skills and expertise deficiency of start-up personnel affects the implementation of internet marketing and e-commerce

Challenges	Mean Value	Standard Deviation	T-Value	Sig. Value (p-value)
Availability of Skilled Human resources	4.036364	0.86	33.42	0.0032
Availability of experienced and expert resource	3.954545	0.7	42.81	0.0001

Table No.4: T-Test result for H1

Interpretation

Hypothesis was tested with t-test with a 95% of confidence level and 5% of significance level. Five likert scale of agreement was used to measure the feedback. Mean value for both the statement is near 4. It depicts that respondents agree with the statements. Standard deviation values also explore that there is less deviation between the actual responses and mean value. P-Value is observed as less than 0.05. Hence result fail to prove the null hypothesis. Therefore alternative hypothesis is accepted. Hence it is concluded that Skills and expertise deficiency of start-up personnel affects the implementation of internet marketing and e-commerce.

Hypothesis-II

H0: Financial constraint does not restricts start-ups for adopting internet marketing and e-commerce.

H2: Financial constraint restricts start-ups for adopting internet marketing and e-commerce.

Financial constraint	Mean Value	Standard Deviation	T-Value	Sig. Value (p-value)
Low Budget as a challenge	4.563636	0.89	49.61	0.00014

Table No.5: T-Test result for H2

Interpretation:

To test the hypothesis II, t-test is applied with 95% of confidence level. Data reveals that low budget is a major challenge for Digital marketing as well as e-commerce. Mean value 4.563636 shows that respondents are almost strongly agree that budget is the main hurdle in the implementation of digital marketing and e-commerce. Standard deviation result shows that there is very less deviation between mean value and actual responses. Further t-test was run and p-value is less than 0.05. Hence it reflect that null hypothesis is rejected and alternative hypothesis is accepted. Hence it is concluded that “Financial constraint restricts start-ups for adopting internet marketing and e-commerce.”

Findings

Research study comes with following findings or inferences.

- Start-ups focus on traditional way of promotion and marketing.
- Among various tools of promotion and marketing, start-ups are using majorly News paper advertisement (74), Discount Sale (87), Retail In-store advertisement (73).
- Surprisingly it has been observed that there were only 43 start-ups that are using Social media for promotion and only 29 start-ups having their own website.
- E-Commerce platforms like Amazon and Flipkart also not preferred by the majority as there were only Flipkart also not preferred by the majority as there were only 36 and 43 respondents given preference for it.
- Research also focuses on the major challenges and data reflects that there are several challenges in implementing Digital marketing as well as E-commerce.
- Budget has been observed major obstacle.
- Hypothesis-I testing shows that availability of skilled and expertise human resources is a big problem in front of start-ups.
- Hypothesis –II testing also observed that budget is the major obstacle in implementing the digital marketing, promotion and use of E-commerce.

Suggestions

Following are the suggestions given on the basis of data analysis.

- Start-ups should do primary research for better understanding of effectiveness of various promotional media that include traditional as well as Digital Marketing.
- Start-ups should not ignore the importance of their web presence. Hence all should show their active presence through website.
- E-Commerce platform should be used gradually by the start-ups for better scalability of the business.
- Start-ups can recruit techno-savvy, young management and software engineers so they can assist them for digital marketing as well as use of e-commerce platforms.

Conclusion

- The main aim of the research work was to investigate the various problems faced by the start-ups in implementing the digital marketing as well as e-commerce platforms to promote and sell their products. Literature review explored those previous studies on start-ups, different techniques they use for promotion and marketing. Current research work have done the value addition through highlighting various problems and challenges faced by start-ups in implementing digital marketing and e-commerce. Les budget, availability of skilled, experienced and expertise human resources are the major challenge in front of start-ups for implementing Digital marketing and use of e-commerce platforms.

Limitations

Current research work is confined to start-ups in Pune city. This research work is based on survey whereas conducting depth interview would be used as additional means of data collection to reach the concrete results. Respondents sample size is less as start-up number in Pune city is very high but due to time and availability of start-up representative current sample size has been chosen.

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