The influence of online marketing on start-ups

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Abstract---It has been proven in many studies that online marketing has played a major role in developing and shaping the future of start-ups. It is no untold truth that indeed online and digital marketing, in various forms, have and are still influencing the journey of start-ups. Owning to this, each day more and more companies and businesses inculcate online and digital marketing into their marketing strategies. However, a bulk of these studies which have been done are the perspectives of the companies themselves. A limited amount of study has been done which reflects the viewpoints of the consumer, as to how are they affected by the use of online tools for marketing. Thus, for this study, the data was collected from 132 respondents (the consumers) using an online questionnaire. The main objective of this study was to identify if digital marketing is associated with start-up success, brand awareness, and consumer purchase patterns along with the effectiveness of online marketing and traditional marketing. The analysis of the data was done using the SPSS software and a T-test in addition to correlation is applied. The results showed a positive correlation of digital marketing with the selected variables: start-up success, brand awareness, traditional marketing, and consumer purchase pattern. The T-test showed that there is a significant difference between digital marketing and its effect on consumer
purchase patterns. Hence, though this study on online and digital marketing showed their great influence on start-ups but from the point of view of a consumer, how they are influenced by this ultimately leads to the rise or fall of a start-up.

**Keywords**---online marketing, traditional marketing, start-ups.

**Introduction**

Start-ups have become very popular in recent times, with young entrepreneurs aspiring to enter the business world. The growing level of youth unemployment also encourages self-employment. The Economic Survey 2021-22 report said the number of well-known startups had risen to more than 14,000 in 2021-22 from just 733 in 2016-17. The market is focused on new entrepreneurs who present products and compete with leading brands in the industry. However, without proper guidance and support, these startups may fail to withstand the storm and survive in their business.

The best and most effective way to grow your start-up business is to follow a solid digital marketing strategy. Start-up companies face many tough decisions to market their companies. They should determine product and quality features, set up services, set prices, determine distribution channels, determine how much they will spend on advertising and be able to decide how to differentiate their resources between advertising, marketing power, and other marketing tools. Raising a startup is a big challenge and if you do not have a plan, you can end up spending your time and budget on the wrong activities.

In a world where over 170 million people regularly use social media, every working professional is expected to become familiar with at least some of the basic teachings of digital marketing. In other words, it is the promotion of online products or any other form of electronic media. According to the Digital Marketing Institute, "Digital marketing is the use of digital channels to advertise or market products and services to targeted consumers and businesses."

Digital marketing is the marketing of products or services using digital technology, especially online, but also for mobile phones, advertising, or any other digital means. The techniques of Digital marketing include e-books, display advertising, re-direct email marketing, optical discs, optimization for social media, social media marketing, e-commerce marketing, data-driven marketing, campaign marketing, automated content, influencer marketing, content marketing, search engine optimization (SEO), and search engine optimization (SEM).

All previous research was about how digital marketing affects businesses or startups. Now if we look at the situation from a consumer perspective. Consumers today need quick answers to their doubts and complaints. This is possible through digital marketing. Questions and customer feedback can easily be posted on social media for a large crowd. By seeing the positive and negative reviews, consumers are greatly influenced. Digital marketing, therefore,
empowers customers, provides self-awareness and helps brands build stronger and stronger relationships with them. Thus, digital marketing promotes consumerism on a large scale. Apart from this, consumers have a lot of information about new startups being developed. This paper, therefore, attempts to study the impact of online marketing at launch from a consumer perspective.

**Literature Review**

Bruhn, Schoenmueller & Schäfer (2012) state that traditional marketing majorly affected brand awareness whereas social media marketing affected brand image. In social media marketing, there are two types of content: user-generated and firm-generated which majorly affect the brand's functional and hedonic image respectively and are even industry-specific. Social media opens broad opportunities for direct two-way engagement and has a relatively lower cost of investment when compared to traditional marketing. Companies need to add digital and social media into their marketing policy as this increasing trend among consumers is and will largely be influencing the future brand equity.

Jin's (2012) study showed that if the consumer is satisfied with the luxury brand's Facebook interface then it predicts a favourable attitude outcome towards that brand. This attitude is a positive antecedent of consumers utilizing that brand’s social networking site for online shopping, revisiting their social media accounts and especially for researching the brands online and purchasing them offline. Thus creating social media interfaces that meet the demands and needs of the consumers is important for generating a positive and favourable brand attitude. Likewise, the supremacy of user-generated content significantly predetermines the brand’s advertising practice, further affecting the attitude towards the brand. Hence, UGC and social media, together form and maintain the consumer-brand-consumer triad culture.

Riz's (2013) study results showed that there is no direct relation between the three variables that it studied which are consumers’ purchasing decisions, brand perception and online marketing through consumers. The consumers agreed that the brand’s existence on social media is essential for its growth and they even pointed out a word of mouth as the major tool for online marketing in comparison with chat section and email advertising. Word of mouth has also been proved useful in influencing the consumer behaviour for brand purchases along with being cost and time effective and easy to spread. This tool is static in the short run but once perception is made it can't be changed easily. So building a positive word of mouth from the early stages is suggested.

Sharma and Bharathi (2013) inferred for start-ups to understand social media tools and the strategies behind using social media for growing their business. Social media enables companies to show what they offer and to see what consumers value. It was shown that Facebook is a more an effective type of social media for start-up companies comparatively as it accomplishes to fulfil to capture reach, awareness, visibility and relationship. Facebook users are more likely to share information with friends, like company pages, and comment on posts made by companies. These activities both create word-of-mouth and allows for communication between the company and the consumers. This showed that
marketing on Facebook can be effective for start-up companies in both reaching and retaining customers.

Bostanshirin’s (2014) study shed light on the major advantages and disadvantages of online marketing, introduced by the revolutionary internet. The majorly noted advantages include Empowering effect, Elimination of geographic barriers, 24 hours / seven days availability, cost-effectivity, track-ability, and personalization. However, online marketing implement some disadvantages as well, such as problems of integrity, lack of face-to-face contact, Security and Privacy, and Lack of trust. Thus, it can be inferred that unless these dual characteristics of online marketing are not taken into consideration, it cannot be deployed to its full potential.

Akula’s (2015) research reflects that social media networks can no longer be ignored as means of communication, promotion, recruitment and revenue. Implementing better social media strategies will connect startups not only with existing but also potential clients. Hence, the company's social media presence should be dynamic and engaging as well as flexible to change with the changing trends and technologies. This can make the startups run for a longer time and even give them success; the ones that failed were due to the lack of this flexibility and foresight.

Basri and Siam’s (2017) study states that social media networks have proved to provide long-term growth to the startups by promoting their brand at low financial cost as well as providing efficient word of mouth advertising tools for marketing products and brand awareness. Apart from this social media has impacted these small businesses in several ways like content distribution, increase in sales, brand popularity and loyalty, community interaction and lead generation. Needless, only a limited number of startups can exploit the benefits of social media to the fullest.

Rahmania, Soetjipto & Rahayu (2018) work noted that the majority of startup entrepreneurs started using social media for marketing after being triggered by their competitors using the same for marketing itself. It was also revealed that the use of social media was of great help as it provided them with direct feedback and impressions from the customers and consumers. Its broad coverage without the time and distance restraints added to its value along-with with being easy to use and affordable. All the social media marketing techniques have resulted in increasing the income of startup entrepreneurs. It is suggested that these entrepreneurs use the features of social media maximally and consistently by updating them regularly for developing market shares as well as search improvements in search engines for increasing promotions and revenue.

Binder’s (2019) study showed that 82% strongly believed that digital marketing leads to the success of B2B companies with referrals and content marketing positively affecting the revenue of such companies. It was seen that bigger sales of their budget were invested in digital advertisement and marketing. The strategies which are considered crucial for leading to success are good cooperative website, social media and SOE. Theoretically, content marketing holds the top position for driving the company towards success. In digital
marketing, websites have been the most popular selling point following this research. The two factors involved in it are transparent product details and excellent support.

Gupta, Grover & Mishra’s (2019) research inferred that startups are using digital marketing out of which 47.5% use social media marketing for generating awareness as well as promoting their products and services to the target audience. They believe that this marketing technique is cost-effective as compared to traditional marketing techniques and reaches prospective customers faster along with driving sales.

Gulati’s (2019) results showed that Indian start-ups have boosted their business through the medium of digital marketing. This marketing popularly includes email marketing and social media marketing. Email marketing is the most efficient tool for digital marketing as the triggered emails have an impressive ROI rate. Apart from this, top Indian start-ups are using this strategy for building a strong online presence which in turn has helped them to grow and generate numerous employment. Ola Company used this strategy and is now leading the start-up growth in India. Similarly, marketing through social media has eased the branding challenge, which the companies faced, to a large extent. Social media provide a platform to connect beyond local and social boundaries as well as share user-generated content easily. OYO Rooms became one of the biggest hospitality chains in India through the use of social media marketing. 68% of start-ups in India are using digital marketing for promoting their products and services and about 47% of the company’s budget is allotted to digital marketing. Thus it is now an integral part of marketing in India.

Is-haq’s (2019) research on digital marketing showed a positive impact on the sales improvement strategies of SMEs in Nigeria. The relevant marketing options included e-mail, social media, search engine optimisation, Pay-per-click and online advertising. However, it was seen that sales improvement for SMEs was more positive through the use of e-mails, search engine optimisation, and pay per click.

Yamini and Nirmal Chand’s (2020) study maintained that online marketing is preferable for present and future startups and small businesses as the people, the consumers are spending more and more time online. So, this gives them, the businesses, an opportunity for creating new and innovative ways of approaching their customers. Online marketing makes the products and services easily accessible to the customers at their convenience which in turn helps the companies increase their values.

Akeel & Gubhaju (2020) study demonstrated that digital marketing has a huge impact on a startup’s success but still a majority of them are reluctant to implement it in their business plan because they find it tricky and time-consuming. The core attributes of a successful business are strengthening relationships, trust and satisfaction with the client. Digital marketing provides a platform for achieving all these attributes with efficiency and effectiveness that too on a global level and mostly free of cost. Digital marketing also helps in building brand awareness, brand identity and consumer loyalty. The results also
showed that brand recognition, customer involvement and awareness were the most emphasised reasons for the use of digital marketing by the start-ups. Online marketing also has the power to attract and retain customers. Thus digital marketing has had an enormous and positive effect on the success of the start-up company.

Unni (2020) discovered that social and digital media marketing has a measurable impact on consumer behaviour. It changed the way a consumer search, interact and communicate with the companies and their products and services. However, what it didn't change is the purchase cycle a consumer goes through while purchasing a product or service.

Manzoor, et al. (2020) study shows that social media's influence and trust significantly affect a consumer's purchase intentions through social networking sites. The data revealed that social media marketing has a stronger influence than trust and even the participants preferred purchasing from the social networking sites when offered high-quality systems and pieces of information. Other than this, it was discovered that once trust is established among consumers they are more likely to purchase the product and even become a regular buyers. Hence, it was seen that trust has a mediating role in social trade adoption.

Lal et al. (2020) state that effective social media strategies are the ones which have clearly defined marketing objectives, evaluate opportunities and threats and select the most appropriate social media for communicating with its present as well as potential customers. Further, it was identified that understanding the ways of measuring ROI for social media will help businesses improve their social media marketing strategies along with planning their budget accordingly and increasing the overall performance.

Blazheska, Ristovska, & Gramatnikovski's (2020) research results showed the necessity to create and apply digital marketing strategies for a more efficient way of communication with the potential and present customers as well as for better results in business. Further, it was seen that the main factor in attracting the customers through digital means was via the company's website, which should be interactive and regularly updated.

Chatterjee and Kar's (2020) study established that the SMEs in India have increased the use of social media for marketing which has resulted in their growth in the country. Apart from this it has updated and enhanced the Customer Relationship Management based activities used by the SMEs. It was revealed that what motivated the SMEs to use social media marketing was less complexity, less cost and effective use of social media.

Syaifullah et al. (2021) study revealed during the time of COVID -19 pandemic compatibility, perceptions of the use of information technology, and ease of use of information technology significantly influenced the use of social media for marketing. Further, it also resulted in pointing out the positive effects of social media marketing on MSMEs. It showed that the MSMEs had an increase in their
sales, better customer relationships, creativity and production. Thus, proper social media marketing management improved their overall performance.

Mason, Narcum & Mason's (2021) research findings showed that after the declaration of the COVID-19 pandemic, social media has increasingly been used as a tool for identifying products, collecting information on products, evaluating products, and making product purchases. Given that, the study specifically highlighted the growing importance of social media as an effective marketing tool, which was and is being used vigorously since the pandemic began as it positively impacted the consumer decision-making process.

Hawardar et al. (2022) observed that the strategies of digital marketing and customer interaction were the same all over southern Asia but its effect varied from country to country. Other than this the results showed that digital marketing has a huge impact on sales and outbound marketing, especially word of mouth, greatly influenced the brand image as it spreads all across social media.

**Gap in Literature Review**

A closer look at the literature on the influence of online marketing on start-ups, however, reveals several gaps as they were reflecting majorly on the increased benefits of the same from a company’s viewpoint. The previous studies highlighted how digital and social media marketing has been useful in increasing sales and profits for a company. Whereas only a handful amount of them did it from consumers and customers’ point of view, that how they are affected by it, being the user end party in this exchange. Thus, the user perspective needs to be emphasized as they are the ones ultimately leading a business to its success or failure.

**Objectives**

Following are the objectives of the study:

1. To identify how digital marketing leads to start-up’s success
2. To understand the use of digital marketing in creating brand awareness for startups
3. To analyze the effectiveness of online marketing as compared to traditional marketing tools
4. To see how digital marketing affect consumer purchase pattern

**Hypothesis**

Following are the hypothesis for each objective:

1. To identify how digital marketing leads to start-up’s success
   H01: There is no significant relationship between digital marketing and startup success.
   H11: There is a significant relationship between digital marketing and startup success.
2. To understand the use of digital marketing in creating brand awareness for startups
   H02: There is no association between use of digital marketing and brand awareness.
   H12: There is an association between use of digital marketing and brand awareness.

3. To analyze the effectiveness of online marketing as compared to traditional marketing tool.
   H03: There is no association between effectiveness of online marketing and traditional marketing.
   H13: There is an association between effectiveness of online marketing and traditional marketing.

4. To see how digital marketing affect consumer purchase pattern
   H04: There is no significant difference between digital marketing and its effect on consumer purchase pattern.
   H14: There is a significant difference between digital marketing and its effect on consumer purchase pattern.

Research Methodology

Research design
Descriptive quantitative research attempts to collect quantifiable data from the population sample for statistical analysis. The descriptive method of research is used to describe a population, situation or problem under study. It focuses more on the ‘what’ rather than the ‘why’ of the research questions. Given that, for this study, a descriptive research design is used, which is qualitative, for understanding the influence of digital online marketing on start-ups in India.

Method of Data Collection
The Primary Data was collected through online Questionnaires shared with students, professionals, self-employed and others. The secondary data was collected through research articles studied for literature.
**Sampling Design Process**

The target population for the study consisted of students, professionals and self-employed individuals, making the sample size 132. The extent of the target population was Gurugram, Delhi NCR, and Patiala and the time frame was March-April 2022. The sampling technique which was used in this study was: The non-Probability Snowball Sampling Technique.

**Results**

The demographic results of the study showed that 60 per cent of the respondents were female and 40 per cent were male. In this, the majority 57 per cent of the respondents fell under the age group of 20-30 years; 39 per cent were below the age of 20 and the remaining 4 per cent were 30 and above. Other than this, it was revealed that 84 per cent of the respondents were students and the remaining 16 per cent were either professionals or self-employed. Apart from this, it was seen that 62 per cent and 27 per cent of the respondents agree and strongly agree to often shop online respectively.

To meet the study's objectives, Statistical analyses were used to compute the values. Descriptive statistics, Person Correlation, and paired t-test were calculated by SPSS software.
Table 1. Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>Digital Marketing</th>
<th>Consumer Purchase Pattern</th>
<th>Traditional Marketing</th>
<th>Brand Awareness</th>
<th>Start-up Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>132</td>
<td>132</td>
<td>132</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td>Mean</td>
<td>12.1</td>
<td>14.6</td>
<td>12.5</td>
<td>8.48</td>
<td>10.9</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.48</td>
<td>1.69</td>
<td>1.54</td>
<td>1.12</td>
<td>1.67</td>
</tr>
</tbody>
</table>

Table 1 shows the Descriptive Statistics of Digital Marketing, Consumer Purchase patterns, Traditional Marketing, Brand Awareness and Start-up Success. The total number of participants taken was 132. The mean value of digital marketing is 12.1 (1.48); for consumer purchase pattern, the calculated mean value is 14.6 (1.69); the mean value of traditional marketing came out to be 12.5 (1.54); as for brand awareness the mean value is 8.48 (1.12), and the mean value for start-up success is 10.9 (1.67).

Table 2. Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Digital Marketing</th>
<th>Consumer Purchase Pattern</th>
<th>Traditional Marketing</th>
<th>Brand Awareness</th>
<th>Start-up Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Marketing</td>
<td>Pearson’s r</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>p-value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Consumer Purchase Pattern</td>
<td>Pearson’s r</td>
<td>0.715***</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>p-value</td>
<td>&lt;.001</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Traditional Marketing</td>
<td>Pearson’s r</td>
<td>0.610***</td>
<td>0.413***</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>p-value</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>Pearson’s r</td>
<td>0.424***</td>
<td>0.427***</td>
<td>0.426***</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>p-value</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>—</td>
</tr>
<tr>
<td>Start-up Success</td>
<td>Pearson’s r</td>
<td>0.353***</td>
<td>0.046</td>
<td>0.327***</td>
<td>0.170</td>
</tr>
<tr>
<td></td>
<td>p-value</td>
<td>&lt;.001</td>
<td>0.603</td>
<td>&lt;.001</td>
<td>0.051</td>
</tr>
</tbody>
</table>

Note. * p < .05, ** p < .01, *** p < .001

Table 2 shows the Pearson Product Correlation with was used to measure the correlation between Digital Marketing and Consumer Purchase patterns, Traditional Marketing, Brand Awareness and Start-up Success. The first
hypothesis was that “There is a significant relationship between digital marketing and startup success.” To verify this hypothesis, person correlation was computed, and the analysis revealed a positive correlation between digital marketing and startup success (r=.353, p<.001).

The second hypothesis was that “There is an association between the use of digital marketing and brand awareness.” To verify this hypothesis, person correlation was computed, and the analysis revealed a positive correlation between digital marketing and brand awareness (r=.424, p<.001). The third hypothesis was that “There is an association between the effectiveness of online marketing and traditional marketing.” To verify this hypothesis, person correlation was computed, and the analysis revealed a positive correlation between the effectiveness of online marketing and traditional marketing (r=.610, p<.001).

The fourth hypothesis was that “There is a significant difference between digital marketing and its effect on consumer purchase pattern.” To verify this hypothesis, person correlation was computed, and the analysis revealed a positive correlation between digital marketing and its effect on consumer purchase patterns (r=.715, p<.001).

<table>
<thead>
<tr>
<th>Table 3. Paired t-test</th>
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<tbody>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Pair 1 Consumer Purchase Pattern-Digital Marketing</td>
</tr>
</tbody>
</table>

Table 3 shows the Paired Sample t-test between Digital Marketing and Consumer Purchase patterns. Pair 1 is the comparison between Digital Marketing and Consumer Purchase patterns. The mean value computed was 2.53 (1.21) and the t-value computed was t (65=16.87,p < .001). As per the hypothesis, there is a significant difference between digital marketing and its effect on consumer purchase patterns.

**Discussion**

The study aims to investigate the influence of online marketing on start-ups from a consumer’s perspective. The study had 132 participants, 60 per cent female and 40 per cent male, the majority of which were students ranging from 20-30 years. The analysis of the data was done using the SPSS software. Descriptive statistics, Correlation, and paired t-tests were statistical analyses performed on the data. The Correlation was used to find the relation between Digital Marketing and Start-up Success, Digital Marketing and Brand Awareness, Digital Marketing
and Traditional Marketing and Digital Marketing and Consumer Purchase patterns. Paired t-test was used to find the significant difference between digital marketing and its effect on consumer purchase patterns.

To justify the study’s objectives, it was hypothesized that there was a significant relationship between digital marketing and startup success, which according to the results shows that the alternate hypothesis is accepted. Further, it was hypothesized that there is an association between the use of digital marketing and brand awareness, the alternate hypothesis was therefore accepted in the accordance with the results. Then it was hypothesized that there is an association between the effectiveness of online marketing and traditional marketing, for which the results showed that the alternate hypothesis is accepted. Lastly, it was hypothesized that there is a significant difference between digital marketing and its effect on consumer purchase patterns, which according to the results shows that the alternate hypothesis for this is accepted.

Digital marketing has a huge impact on a startup's success (Akeel & Gubhaju, 2020) as well as a measurable impact on consumer behaviour (Unni, 2020). Social media marketing has a stronger influence than trust and even the participants preferred purchasing from the social networking sites when offered high-quality systems and information. Other than this, it was discovered that once trust is established among consumers they are more likely to purchase the product and even become regular buyers (Manzoor, et al., 2020). Social media networks have proved to provide long-term growth to the startups by promoting their brand at low financial cost as well as providing efficient word of mouth advertising tools for marketing products and brand awareness (Basri and Siam, 2017). The digital marketing technique is cost-effective as compared to traditional marketing techniques and reaches the prospective customer faster along-with driving sales (Gupta, Grover & Mishra, 2019).

There is a growing importance of social media as an effective marketing tool, which was and is being used vigorously since the pandemic began as it positively impacted the consumer decision-making process (Mason, Narcum & Mason, 2021) along with improving the overall performance of the enterprise (Syafifullah et al., 2021). Hence, the company’s social media presence should be dynamic and engaging as well as flexible to change with the changing trends and technologies. This can make the startups run for a longer time and even give them success; the ones that failed were due to the lack of this flexibility and foresight (Akula, 2015).

**Conclusion**

The present study aimed to study the influence of online marketing on start-ups from a consumer’s point of view. Based on this study, it was found that there is a significant relationship between digital marketing and start-up success. Further, there is an association between digital marketing and brand awareness. Along with this, there is an association between digital marketing and traditional marketing. Lastly, there is a significant difference between digital marketing and consumer purchase pattern.
Reference

Gupta, A., Grover, M., & Mishra, S. THE ROLE OF DIGITAL MARKETING IN STARTUPS.


