

## 8 out of 10 SMBs prefer online ads over traditional methods, report shows



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### Article Content:

Online advertising in India is no longer a 'nice-to-have' for Small and Medium Businesses (SMBs)—it's a core strategy. A new report from Primus Partners, released in collaboration with the India SME Forum and Broadband India Forum, reveals some noteworthy trends that could make traditional ad methods feel like a relic of the past.

The report, unveiled by Shri Jitin Prasada and Shri Anurag Singh Thakur, highlights that a solid 8 out of 10 SMBs now favour online ads over traditional approaches. That's not a small leap—it's a business-wide shift. With the Indian online advertising market growing at a CAGR of 23.49%, set to hit Rs 62,045 crore by 2025, it's clear that digital is the future, and SMBs are leading the charge.

A strategic approach to digital is becoming the norm. 72% of SMBs are using more than two online platforms to ensure their ads reach the right audience across varied touchpoints. Platforms like ShareChat and YouTube are opening doors to regional markets in Tier 2 and 3 cities, which have historically been left out of mainstream ad spends.

Then there's the powerful combo of AI and big data. About 74% of SMBs say AI-driven targeting is their key to precision and cost efficiency. It's no surprise that these businesses are getting a 2x return on ad spend (ROAS)—94% of them, in fact. The report suggests SMBs are not just finding success; they're optimising their ad strategies to achieve a level of efficiency previously only seen by larger enterprises.

But it's not all sunshine and ROI. Budget constraints (43%) and a lack of deep knowledge about online advertising (49%) are among the top hurdles smaller businesses still face. So, while SMBs are embracing digital, there's still a gap in skill sets and resources that needs bridging. And with 35% of respondents citing regulatory compliance as a challenge, it's clear that navigating this landscape isn't all smooth sailing.

Despite these challenges, the benefits are undeniable. Over 80% of businesses say online ads have boosted their brand visibility and helped with customer acquisition. The proof is in the numbers: 80% of SMBs report their revenue has doubled since implementing online ads. Not bad for a strategy that costs less than a national TV campaign.

As the market grows, opportunities abound for those SMBs willing to adapt. The key takeaway from the report? Don't rely on just one platform, get creative with AI tools, and make sure to target precisely. And, of course, keep an eye on that ROAS—it's clearly working.

"MSMEs and startups, contributing 30% to India's GDP, play a vital role in the nation's economic growth. To boost their performance, these businesses can leverage the power of digital advertising, including AI and AI-related tools, which 69% of our surveyed SMBs found effective in achieving their business goals. Our research highlights that harnessing the full potential of online advertising requires policy reforms and industry strategies that address their unique challenges, foster innovation, and reduce barriers, ensuring sustained digital competitiveness," Ramakrishnan M, managing director, Primus Partners, said.