

Primus Partners Report

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80% of Indian SMBs rely on online advertising; 76% find it more effective than traditional methods: report

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As India's online advertising market continues to grow, the about 80 per cent of surveyed SMBs (Small and Medium Businesses) rely on online advertisement, according to a report by Primus Partners.

The report added that about 42per cent of the respondents allocated over 40 per cent of their marketing budget towards online advertisements.

The report highlights emerging trends in how SMB brands engage with their audiences, with 74 per cent of respondents believing in the effectiveness of personalised ads in achieving their business goals.

Additionally, 7 out of 10 SMBs now utilize more than two online advertising platforms to ensure a broader reach and consistent brand presence, catering to diverse user preferences. With the rise of regional language ads and platforms like ShareChat and YouTube, SMBs are tapping into untapped markets in Tier 2 and 3 cities.

Meanwhile, the adoption of AI-driven targeting, big data, and short-form video content on platforms like Instagram and OTT services further optimizes ad campaigns, driving higher engagement, ROI, and lead generation.

The report further highlights that 49 per cent SMBs consider to opt platforms offering Return on Investment (RoI), which was followed closely by geographical reach with 47 per cent.

SMBs in India prefer moderate ad frequency to balance cost-efficiency and engagement, focusing on seasonal or ad-hoc campaigns during high ROI periods like festivals or sales.

High-frequency campaigns are common in sectors like e-commerce, where ongoing customer interaction is crucial, the report added.

According to the report, around 69 per cent of respondents expanded to new markets, with 40 per cent growing domestically, 30 per cent internationally, and another 30 per cent across both.

Commenting on the launch, Ramakrishnan M, Managing Director, Primus Partners, said, "MSMEs and startups, contributing 30 per cent 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 per cent 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."

He further added, "To enhance SMB access to online advertising, affordable tools and platforms could also be provided through government-industry collaborations, offering subsidized or tiered pricing. Additionally, we feel a multi-stakeholder approach to regulatory frameworks is needed to ensure transparency, consumer protection, and inclusivity, while avoiding burdensome regulations."

Complementing traditional media, it is projected to grow at a CAGR of 23.49 per cent, with digital ad spending set to reach ₹62,045 crore by 2025, the report anticipated. (ANI)