THE STUDY OF D2C STARTUPS PERCEPTION TOWARDS DIGITAL MARKETING

Pradeep Ts[1], Dr P Shanmugha Priya[2]

[1]II-MBA, Kumaraguru School of Business, Coimbatore, Tamil Nadu, India.

[2]Associate Professor, Kumaraguru School of Business, Coimbatore Tamil Nadu, India.

pradeep.23mba@ksbedu.in, shanmughapriya.p@ksbedu.in

ABSTRACT

This study investigates how Direct-to-Consumer (D2C) startups perceive and implement digital marketing. Emphasizing factors such as tool awareness, perceived benefits, and competitive pressures, the research explores how these startups manage digital marketing in-house versus outsourcing. Through surveys and statistical analysis, including multiple regression and chi-square tests, this study reveals the challenges and opportunities D2C brands encounter in leveraging digital strategies for growth. The findings provide valuable insights into enhancing digital marketing effectiveness for startups in competitive environments.

1. INTRODUCTION

Direct-to-Consumer (D2C) startups are reshaping commerce by connecting directly with customers online, bypassing traditional retail intermediaries. This model is gaining momentum in India, a thriving entrepreneurial city, has witnessed a rise in D2C brands across industries like fashion, food, and home goods. Digital marketing plays a crucial role in helping these startups build brand awareness, engage customers, and drive sales. However, many startups face resource constraints and have limited expertise, leaving them to balance between managing digital marketing in-house or outsourcing it. This study seeks to understand D2C startups' perceptions and usage of digital marketing, exploring the factors that influence their strategies and decisions.

Keywords: Digital Marketing, D2C Startups, Consumer Perception, Marketing Tools, Customer Engagement.

2. REVIEW OF LITERATURE

Research on digital marketing adoption among startups has shown its importance in brand building, customer engagement, and growth. According to Sharma and Malhotra (2020), digital marketing offers startups in developing economies affordable ways to reach wide audiences. Tools like social media, SEO, and content marketing allow businesses to connect with specific demographics without extensive resources. Studies highlight that for D2C startups, digital channels are essential not just for sales but for cultivating customer loyalty in the long term.

Kumar and Singh (2021) discuss the challenges of in-house digital marketing for small businesses, pointing out that limited expertise often prevents effective implementation of complex strategies like PPC and analytics. Their research shows that while many startups attempt to manage these tasks independently to maintain brand control, they frequently miss out on the full potential of digital marketing due to a lack of specialization. In contrast, outsourcing can provide access to expert resources but can also strain budgets, making it a choice only some startups can afford.

Further studies have explored the role of digital marketing in shaping startup growth. Gupta (2022) finds that startups benefit significantly from digital marketing as it allows them to target audiences more precisely and measure campaign effectiveness.

However, small businesses often face competitive pressure to adopt these tools quickly, sometimes without adequate training or support. Consequently, there is a high demand for affordable digital marketing solutions that offer flexibility and scalability to help startups compete in dynamic markets. This literature underscores the need for a balanced approach, blending in-house management with external expertise when resources allow.

3 OBJECTIVES OF THE STUDY

3.1 Primary Objective:

- To analyse the perception of digital marketing among D2C startups.

3.2 Secondary Objectives:

- To assess the level of awareness of digital marketing tools among D2C startups.
- To examine the perceived benefits and cost-effectiveness of digital marketing for D2C startups.
- To assess the effectiveness of digital marketing campaigns in enhancing brand visibility and customer engagement for D2C startups.

4 METHODOLOGY

To collect both quantitative and qualitative data, a mixed-method research design was used. Primary data was gathered through a structured questionnaire targeting 104 D2C startup founders and executives. The survey covered demographic information, digital marketing tool awareness, in-house versus outsourcing preferences, and perceptions of effectiveness and challenges. Data analysis included descriptive statistics, multiple regression, and chi-square tests to analyse relationships among variables. This methodology provides a comprehensive understanding of the digital marketing landscape among D2C startups.

5 ANALYSIS AND INTERPRETATION

5.1 Demographic Variables

Table 5.1.1: Demographic Profile of The Startups

Variable	Options	Frequency	Percentage
Years of Experience	Less than 1 year	4	3.8%
	1-3 years	38	36.5%
	3-6 years	35	33.7%
	6-10 years	20	19.2%
	More than 10 years	7	6.7%
Number of Employees	Less than 5	5	4.8%
	6-10	14	13.5%
	11-25	33	31.7%
	26-50	28	26.9%
	More than 50	24	23.1%

Most respondents have between 1-6 years of experience in their roles, with the largest group (36.5%) having 1-3 years of experience. This distribution suggests that the D2C startup landscape in India is driven by entrepreneurs who are relatively new but have established initial traction. Furthermore, a significant portion of startups have a workforce size ranging from 11-50 employees, indicating that these companies are in their growth phase, expanding to support operational needs.

5.2 Awareness and Perception of Digital Marketing Tools

The survey revealed that social media marketing and SEO were the most familiar digital tools, with 78% of startups actively using these for brand building. However, only 45% reported confidence in managing PPC (Pay-Per-Click) advertising, indicating areas for potential skill development.

5.3 Multiple Regression Analysis

Multiple Regression Analysis was done to identify which factors (such as tool awareness, perceived benefits, and cost-effectiveness) significantly influence the decision to manage digital marketing in-house versus outsourcing.

- **Null Hypothesis (H_0):** The independent variables (Awareness of Digital Marketing Tools, Benefits and Cost-Effectiveness, Challenges in Implementing, Satisfaction with Digital Marketing, Strategy Implementation, Impact of social media, Competitive Pressure) do not significantly explain the variance in the dependent variable (Overall Perception towards Digital Marketing).

- **Alternative Hypothesis (H_1):** The independent variables (Awareness of Digital Marketing Tools, Benefits and Cost-Effectiveness, Challenges in Implementing, Satisfaction with Digital Marketing, Strategy Implementation, Impact of social media, Competitive Pressure) significantly explain the variance in the dependent variable (Overall Perception towards Digital Marketing).

Table 5.3.1: Multiple Regression Analysis

Predictor Variable	Unstandardized Coefficient (B)	Standardized Coefficient (Beta)	t	Sig.
Constant	0.345		1.216	0.227
Awareness of Tools	-0.006	-0.006	-0.058	0.954
Benefits & Cost-Effectiveness	0.101	0.105	1.023	0.309

Challenges in Implementation	0.077	0.093	1.139	0.258
Satisfaction with Outcomes	0.013	0.015	0.174	0.862
Strategy Implementation	0.204	0.191	1.795	0.076
Impact of social media	0.242	0.248	2.571	0.012
Competitive Pressure	0.309	0.299	3.473	0.001

Model Summary

- **R** = 0.637
- **R Square** = 0.406
- **Adjusted R Square** = 0.363
- **Std. Error of the Estimate** = 0.6543

The table reveals that Impact of social media and Competitive Pressure are statistically significant predictors of Overall Perception towards digital marketing, with p-values of 0.012 and 0.001, respectively. Other variables, such as Awareness of Tools and Satisfaction with Outcomes, were not statistically significant, suggesting they have a lesser impact on the perception among D2C startups. The model explains approximately 40.6% of the variance in Overall Perception.

5.4 Chi-Square Analysis

5.4.1 Chi-Square Analysis between Industry and Purpose of Digital Marketing

To determine if there is an association between the industry type and the primary purpose of digital marketing, chi-square analysis was done.

Table 5.4.1: Chi-Square - Industry and Purpose of Digital Marketing

Variable	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.613	12
Likelihood Ratio	8.724	8

With a p-value of 0.118, the test shows no significant association between the industry a startup belongs to and its primary digital marketing purpose. This suggests that the main goals for digital marketing (e.g., awareness, engagement) are consistent across different industries.

5.4.2 Chi-Square Analysis between Location and Profit Allocation for Digital Marketing

To examine the relationship between a startup's location (Urban, Rural, Semi-Urban) and the percentage of profit allocated to digital marketing, chi-square analysis in done.

Table 5.4.2: Chi-Square - Location and Profit Allocation for Digital Marketing

Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.601	8
Linear-by-Linear Association	1.685	1

With a p-value of 0.473, there is no statistically significant relationship between the location of a startup and its profit allocation for digital marketing. This suggests that geographical differences (Urban, Rural, Semi-Urban) do not influence how much startups allocate for digital marketing expenses.

6 CONCLUSION

This study reveals that D2C startups recognize the potential of digital marketing but face challenges such as limited resources and lack of expertise. While social media and SEO are widely adopted, there is a need for greater familiarity with advanced tools like PPC and analytics. Tool awareness, perceived cost-effectiveness, and competitive pressures significantly influence whether startups manage digital marketing in-house or outsource. Addressing the skill gaps through training and resource allocation could enhance startups' digital marketing effectiveness and foster growth in a competitive landscape.

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