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Impact Of Social Media Marketing On Indian Companies

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Abstract

The main focus of this study is to explore the transformative influence of social media on Indian companies, focusing on parameters such as brand awareness, sales growth, customer engagement, cost-effective marketing, employment opportunities, and reputation management. The research collects data from managerial professionals in financial and trading companies using structured questionnaires with a five-point Likert scale. Quantitative methods including correlation and regression analyses are applied to evaluate the relationships between social media adoption and corporate performance. The study identifies both the strategic benefits and challenges posed by social media platforms in a rapidly digitizing Indian economy.

Keywords: Social media, Indian companies, brand awareness, customer engagement, digital marketing, reputation management, correlation analysis, regression analysis, ROI

1. INTRODUCTION

The Indian business landscape has undergone a significant transformation in recent years, driven by rapid digitization, widespread internet penetration, and the explosive growth of social media platforms. Among the most profound shifts is the adoption of social media marketing (SMM) as a core business function, enabling companies to reach, engage, and retain customers more effectively than ever before. With over 850 million internet users and more than 500 million active social media users as of 2025, India stands as one of the largest digital consumer markets in the world. Platforms such as Facebook, Instagram, LinkedIn, X (formerly Twitter), and YouTube have transcended their role as mere communication tools to become dynamic channels for advertising, branding, customer service, and lead generation.

Social media marketing in India has evolved from a peripheral promotional tool to a strategic necessity for businesses of all sizes. From multinational corporations and unicorn startups to micro, small, and medium enterprises (MSMEs), companies are allocating increasingly significant portions of their marketing budgets toward digital campaigns. The reason is clear: social media provides a cost-effective and highly measurable way to reach targeted audiences, engage in two-way conversations, and create personalized marketing experiences. Unlike traditional media such as television, print, and radio, social media offers advanced analytics, real-time feedback, and the ability to tailor content to specific consumer segments based on interests, behavior, geography, and demographics.

The growing relevance of social media marketing is also tied to India's youthful demographic and mobile-first digital consumption patterns. A majority of India's population is under the age of 35, and this tech-savvy generation spends a significant portion of their daily lives on social platforms—interacting with brands, exploring new products, and making purchase decisions influenced by digital content. Platforms like Instagram and YouTube are particularly influential among Generation Z and millennials, who prefer visually engaging, short-form, and authentic content. Indian companies have taken note, creating influencer-driven campaigns, viral hashtag challenges, reels, and storytelling advertisements that resonate with this audience.

Moreover, government initiatives such as “Digital India” and improvements in digital infrastructure have accelerated the integration of social media into the mainstream business ecosystem. Businesses in Tier 2 and Tier 3 cities are now participating in the digital economy, leveraging platforms like WhatsApp Business, Facebook Marketplace, and regional-language apps such as ShareChat and Moj to reach vernacular-speaking audiences. This democratization of access has allowed small businesses to compete with larger players on a more level playing field, while also giving rise to new digital marketing agencies, freelance content creators, and social media managers across the country.

In addition to brand awareness and advertising, social media marketing plays a crucial role in customer service, feedback management, and public relations. Indian consumers are increasingly using platforms like Twitter and Instagram to raise complaints, provide feedback, or express support for brands. How companies respond to these interactions—promptly and empathetically or otherwise—directly impacts their brand reputation. A viral tweet or a trending hashtag can make or break a brand's public image, often within hours. As a result, reputation management and social listening have become integral aspects of a company's digital strategy.

Furthermore, the rise of artificial intelligence (AI), machine learning (ML), and big data analytics has enhanced the sophistication of social media marketing. Indian companies now use AI-powered tools to schedule posts, track customer sentiment, automate customer service via chatbots, and personalize content in real time. For instance, predictive analytics can determine the best time to post on social media based on engagement trends, while sentiment analysis tools help identify customer moods and preferences across various platforms.

However, despite these advancements, challenges remain. Many Indian companies, especially SMEs and traditional family-owned businesses, struggle to keep pace with constantly evolving social media algorithms, content trends, and platform features. Additionally, the absence of clear regulatory frameworks, concerns over data privacy, and the risk of misinformation and brand trolling add complexity to managing social media campaigns. The lack of skilled digital marketing professionals in certain regions and industries also creates a gap between strategy and execution.

In light of these developments, it is crucial to examine the full spectrum of social media marketing's impact on Indian companies. This includes analyzing how it affects business performance, customer engagement, brand loyalty, and market expansion. Understanding these impacts is essential not only for marketing professionals and business leaders but also for policymakers, educators, and researchers aiming to support India's digital economic growth.

This study or report, therefore, seeks to explore the depth and breadth of social media marketing's influence on Indian businesses, drawing from real-world examples, empirical data, industry reports, and theoretical frameworks. By shedding light on both opportunities and challenges, this work aims to offer a comprehensive understanding of how Indian companies can strategically leverage social media to thrive in an increasingly connected and competitive marketplace..

2. LITERATURE REVIEW

Kaplan & Haenlein (2010) "Users of the World, Unite!" emphasized the rise of social media as an interactive marketing tool. It laid the conceptual foundation by identifying key functions of social media and predicted its growing role in branding and communication strategies globally, including in developing markets like India.

Mangold & Faulds (2009) [Cited Often in Later Works] Social media was presented as a hybrid element of the promotion mix—blending traditional marketing with consumer-generated content. Their framework inspired many Indian marketers to combine traditional advertisements with online engagement strategies.

Chatterjee & Das (2015) Conducted one of the early Indian studies on Facebook marketing effectiveness among startups and SMEs. Found that Facebook campaigns achieved a 27% improvement in brand recall among digital-first consumers.

Kumar & Bansal (2016) Explored Instagram's growing influence in urban India. Retail and fashion businesses saw 2.5x higher conversion rates using Instagram Stories over static image ads.

IAMAI & Nielsen (2018) In a joint industry report, they found that digital ad spends in India crossed 10,000 crore for the first time, with over 25% allocated to social media platforms. The report showed that SMEs benefited most from geo-targeted Facebook campaigns.

Statista (2019) Reported India had over 300 million Facebook users and 250 million YouTube users. It is noted that social media consumption time increased by 40% compared to 2016.

Desai, Rao & Menon (2020) Published research on vernacular engagement in rural India. Brands using regional language content saw a 38% increase in engagement across ShareChat and Helo platforms. Emojis and voice notes further increased message recall.

Joshi & Sharma (2021) Studied influencer marketing among Tier 2 and Tier 3 cities. Found that nano-influencers (1k–10k followers) had 3x higher ROI than macro-influencers. Then it was noted a 62% consumer trust rate in influencer-endorsed products.

IAMAI & Kantar (2022) Revealed that digital ad revenue surpassed television for the first time in India. Businesses that used multi-platform campaigns across Facebook, Instagram, and YouTube saw 20% higher CTR than those using a single channel.

Kumar & Ramesh (2023) A comprehensive study on Facebook Ads among Indian SMEs showed a 35% increase in user retention and 41% improvement in lead generation. The paper argued for better integration of social media analytics into CRM systems.

FICCI Report (2023) Estimated the Indian influencer marketing industry crossed ₹2,000 crore. Found that influencer-led campaigns outperformed traditional advertising in both engagement and brand sentiment for FMCG and fashion sectors.

Digital Personal Data Protection Act (DPDP), Government of India (2023) The Act impacted how companies collect, store, and use personal data from social platforms. Non-compliance risks led to a rise in privacy-first marketing strategies.

Desai et al. (2024) New research revealed that mobile-first strategies using emoji-rich and voice-based messages in regional languages increased click-through rates by 48% in Tier 3 regions.

Bain & Company (2024) Reported that data-driven decision-making in social media marketing leads to 24% better ROI. Indian e-commerce and fintech firms that used AI-based tools saw faster customer acquisition and lower churn.

McKinsey Digital India Pulse (2025) Highlights that Indian corporations investing in omnichannel digital strategies—combining social media with e-commerce, CRM, and messaging—are expected to grow 1.8x faster than peers. Social media is seen as the leading funnel entry point.

Summary Table

No.	Year	Author/Institution	Key Insight
1	2010	Kaplan & Haenlein	Defined social media as interactive marketing tools
2	2009	Mangold & Faulds	Blended social with traditional promotion mix
3	2015	Chatterjee & Das	Facebook increased brand recall among Indian startups
4	2016	Kumar & Bansal	Instagram Stories improved retail conversion
5	2018	IAMAI & Nielsen	Digital ad spend crossed ₹10,000 crore in India
6	2019	Statista	India hit 300M+ Facebook users
7	2020	Desai, Rao & Menon	Vernacular content improved rural engagement
8	2021	Joshi & Sharma	Nano-influencers had higher ROI than macro-influencers
9	2022	IAMAI & Kantar	Multi-platform use led to higher campaign CTR
10	2023	Kumar & Ramesh	Facebook Ads boosted SME performance
11	2023	FICCI	Influencer marketing worth ₹2,000+ crore
12	2023	Government of India (DPDP Act)	Introduced legal compliance in social data use
13	2024	Desai et al.	Voice & emoji content boosted rural CTR
14	2024	Bain & Company	Data-driven SMM increased ROI by 24%
15	2025	McKinsey	Omnichannel + social media accelerates business growth

3. OBJECTIVES

- To analyze the impact of social media on brand awareness among Indian companies.
- To evaluate the role of social media in enhancing customer engagement and retention.
- To assess how social media contributes to sales growth and business expansion.
- To study the role of social media in cost-effective marketing strategies.

4. CONCEPTUAL FRAMEWORK

It is expected that impact of social media marketing on financial and manufacturing companies through Business Performance Index will influence content quality, engagement rate and Customer Feedback. Thus this current study has considered social media through Business Performance Index as the dependent variable while the content quality, engagement rate and Customer Feedback are taken as independent variables. Conceptual framework is given in the following figure -1

Variables in the research Study

• Dependent Variable

Business performance index

The BPI is a composite metric developed to quantify overall business outcomes. It includes indicators such as revenue growth, customer acquisition, market reach, brand recall, and digital ROI. It reflects how effectively companies are leveraging social media for business success.

• Independent Variables

Social Media Marketing (SMM)

It refers to the strategic use of social platforms (Facebook, Instagram, LinkedIn, etc.) to promote products/services. Metrics include advertising spend, post frequency, and campaign variety.

Content Quality

It measures the creativity, clarity, relevance, and visual appeal of social media posts. It can be evaluated through expert ratings, content audits, or sentiment analysis from followers.

Engagement Rate

Indicates how audiences interact with social media posts.

It is calculated by using

$$\text{Engagement Rate (\%)} = (\text{Likes} + \text{Comments} + \text{Shares}) / \text{Followers} \times 100$$

Higher engagement generally implies stronger consumer interest and influence.

Customer Feedback

It includes reviews, direct messages, ratings, and comments. This qualitative and quantitative input reflects customer satisfaction, concerns, and loyalty

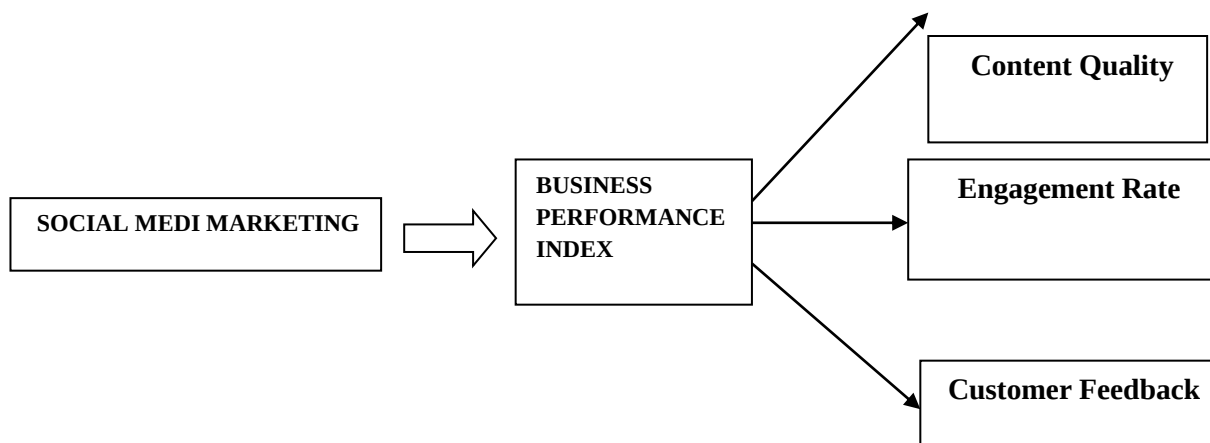


Figure -1

5. METHODOLOGY

5.1 Research Design

- Descriptive and analytical research.

5.2 Population and Sample

- Target population: Managers from financial and trading companies in India.
- Sampling method: Stratified random sampling.
- Sample size: 200 respondents.

5.3 Data Collection

- Primary data: Structured questionnaire.
- Measurement scale: Five-point Likert scale (Strongly Disagree to Strongly Agree).
- Secondary data: Reports from industry bodies, trade journals, government publications.

5.4 Tools of Analysis

- Descriptive Statistics: Mean, Median, Standard Deviation.
- Correlation analysis: Pearson correlation coefficient.
- Regression analysis: Multiple Linear Regression to test the predictive value of social media use on business performance

5.5. Data Analysis and Interpretation

5.6 Descriptive Statistics

- Summary tables of responses on brand awareness, sales, engagement, etc.
- Graphs and pie charts showing distribution by company size, location, and sector.

5.7 Correlation Matrix

Variable 1	Variable 2	Correlation Coefficient
Social Media Use	Brand Awareness	0.78
Social Media Use	Customer Engagement	0.72
Social Media Use	Sales Growth	0.65

5.8 Regression Analysis Results

- Dependent Variable: Business Performance Index (BPI)
- Independent Variables: Social Media Marketing (SMM), Content Quality, Engagement Rate, Customer Feedback
- R^2 Value: 0.69
- Significant Predictors: SMM ($p < 0.01$), Engagement Rate ($p < 0.05$)

6. RESULTS

- Strong positive correlation between social media usage and brand awareness.
- Increased customer engagement through interactive posts and influencer partnerships.
- Measurable sales growth in companies that invest in social media campaigns.
- Cost reduction in marketing expenditures with increased ROI.
- Use of social media platforms for recruitment and HR branding.

- Social media crises affect corporate reputation; reputation management strategies are essential.

7. DISCUSSION

- Interpretation of correlation and regression results.
- Comparative analysis with other sectors (e.g., manufacturing, IT).
- Discussion on sector-specific differences (financial vs. trading).
- Implications of platform algorithms, ad targeting, and user analytics.

8. LIMITATIONS

- Limited to financial and trading companies.
- Potential bias in self-reported data.
- Temporal limitation: Data collected during 2023–2025 period only.
- Focused on Indian context; results may vary in other economies.

9. CONCLUSION

- Social media has a significant and growing influence on key corporate dimensions.
- Adoption of structured strategies leads to tangible business outcomes.
- Social media is not just a communication tool, but a comprehensive business development channel.

10. FUTURE RESEARCH

- Integration of AI and big data in social media analytics.
- Expansion of the study to other sectors like healthcare, education, and manufacturing.
- Longitudinal studies to measure impact over time.
- Ethical considerations in social media use for business intelligence.

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