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Digital Marketing and Market Competitiveness of MSME, Cottage, and Rural Industry Products in Gujarat

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ABSTRACT

Digital marketing is increasingly shaping the competitiveness of Micro, Small and Medium Enterprises (MSMEs), cottage industries, and rural product enterprises by improving visibility, reducing intermediary dependence, widening customer reach, and enabling product differentiation. This paper develops an IEEE-style conceptual and policy-grounded study focused on Gujarat, a state with strong MSME depth and a distinctive ecosystem of handloom, handicraft, khadi, agro-processing, and village products. The paper combines official policy context, current national MSME dashboard statistics, digital commerce inclusion logic, and a field-oriented research design to examine how social media, messaging commerce, online catalogues, and e-marketplaces influence competitiveness outcomes. The proposed model links digital marketing adoption with market access, customer trust, conversion, sales growth, and margin improvement, while recognizing moderating constraints such as digital literacy, logistics, packaging, language, and payment confidence. The paper concludes that digital marketing should be treated not merely as a promotion channel but as a competitiveness infrastructure for Gujarat's MSME and rural product economy.

Index Terms: digital marketing • MSME • cottage industries • rural industries • Gujarat • competitiveness • artisans • e-commerce • branding • ONDC

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RESEARCH ARTICLE

Digital Marketing and Market Competitiveness of MSME, Cottage, and Rural Industry Products in Gujarat

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Abstract

Digital marketing is increasingly shaping the competitiveness of Micro, Small and Medium Enterprises (MSMEs), cottage industries, and rural product enterprises by improving visibility, reducing intermediary dependence, widening customer reach, and enabling product differentiation. This paper develops an IEEE-style conceptual and policy-grounded study focused on Gujarat, a state with strong MSME depth and a distinctive ecosystem of handloom, handicraft, khadi, agro-processing, and village products. The paper combines official policy context, current national MSME dashboard statistics, digital commerce inclusion logic, and a field-oriented research design to examine how social media, messaging commerce, online catalogues, and e-marketplaces influence competitiveness outcomes. The proposed model links digital marketing adoption with market access, customer trust, conversion, sales growth, and margin improvement, while recognizing moderating constraints such as digital literacy, logistics, packaging, language, and payment confidence. The paper concludes that digital marketing should be treated not merely as a promotion channel but as a competitiveness infrastructure for Gujarat's MSME and rural product economy.

Keywords: digital marketing, MSME, cottage industries, rural industries, Gujarat, competitiveness, artisans, e-commerce, branding, ONDC

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1 Introduction

India's MSME ecosystem remains central to output, exports, employment generation, and inclusive industrial growth. The Ministry of MSME states in its Annual Report 2024-25 that the sector contributes around 30% of India's GDP and over 45% of India's exports, underscoring the continued relevance of competitiveness-enhancing interventions for small enterprises. For Gujarat, the issue is particularly important because formal MSME activity coexists with strong traditions in village industries, artisan production, handloom, khadi, agro-processing, and district-linked heritage products. Digital marketing therefore becomes more than a communication activity; it becomes a mechanism for discovery, trust formation, geographic reach, and value capture.

2 Gujarat Context and Problem Statement

Gujarat's cottage and rural industry ecosystem includes products that often compete on authenticity, craft value, regional identity, and localized production knowledge rather than on pure price. Yet many such products remain commercially underleveraged because producers face fragmented demand channels, weak branding, limited digital capability, and dependence on intermediaries. The Commissioner of Cottage and Rural Industries, Government of Gujarat, hosts the Cottage Policy-2024 and related artisan support schemes on its official portal, signaling a state-level policy commitment to the sector. The central

problem, therefore, is not only production capacity but also market communication and digital market integration.

3 Review of Literature and Policy Backdrop

Official MSME policy literature consistently highlights market access, modernization, and competitiveness. The national MSME dashboard further shows a very large real-time base of registered enterprises and current support systems spanning credit, training, procurement, certification, and market development. ONDC frames digital commerce as an inclusive network intended to make sellers discoverable beyond closed platforms and to expand e-commerce participation among small-town and rural enterprises. For cottage and rural industries, this architecture is significant because it lowers entry barriers to online trade and supports direct producer-to-customer engagement.

4 Objectives of the Study

The study has five objectives: (i) to examine the role of digital marketing in improving market competitiveness of MSME, cottage, and rural industry products in Gujarat; (ii) to assess the effect of digital channels on visibility, customer reach, and sales; (iii) to identify the platforms and practices most relevant to small producers; (iv) to analyze barriers affecting digital marketing effectiveness; and (v) to suggest policy and managerial measures for strengthening digital competitiveness in Gujarat.

5 Hypotheses

H1: Digital marketing adoption has a significant positive effect on market competitiveness of MSME, cottage, and rural industry products in Gujarat. H2: Use of social media, messaging commerce, and online marketplaces significantly improves visibility and customer reach. H3: Digital literacy gaps, logistics limitations, and trust-related barriers significantly weaken digital marketing effectiveness. H4: Digital marketing reduces dependence on traditional intermediaries and improves producer-level realization.

6 Conceptual Framework

The proposed causal chain is: Digital Marketing Adoption → Marketing Outcomes → Competitiveness Outcomes. Adoption includes social media presence, WhatsApp Business, online cataloguing, digital payment readiness, marketplace listing, and storytelling content. Marketing outcomes include visibility, engagement, inquiries, trust, and conversion. Competitiveness outcomes include higher sales, wider market reach, stronger brand position, better margins, and greater resilience. The relationship is moderated by digital literacy, packaging, connectivity, content quality, language fit, and last-mile logistics.

7 Methodology

The paper is designed as a descriptive and analytical study with field survey potential. The suggested universe includes MSME units, artisan groups, khadi and village industry units, women-led enterprises, rural producer groups, and agro-processing microenterprises in Gujarat. A stratified sample of 200 respondents across districts such as Patan, Kutch, Ahmedabad, Surendranagar, Banaskantha, Jamnagar, and Bhavnagar may be used. Primary data can be collected through a structured questionnaire and interviews, while secondary data can be drawn from official MSME reports, the MSME dashboard, the Gujarat Cottage Policy framework, and ONDC materials. Suggested statistical tools include percentage analysis, weighted mean, chi-square, correlation, and regression.

8 Analysis and Discussion

Digital marketing improves competitiveness through five main pathways. First, it widens market access beyond fairs, local traders, and district-limited demand. Second, it enables product differentiation through origin stories, craft narratives, and visual trust signals. Third, it shortens the chain between producer and buyer, reducing dependence on intermediaries. Fourth, it generates feedback loops through inquiries, reviews, and repeat ordering patterns. Fifth, it lowers promotional entry costs relative to traditional advertising. For Gujarat's rural and cottage products, these mechanisms are particularly useful because many products are identity-rich and image-sensitive, which makes them well suited to story-based online promotion.

9 Constraints and Risk Factors

The key barriers are low digital literacy, weak product photography, inconsistent catalog quality, poor packaging, unreliable delivery capability, limited language adaptability, return and payment concerns, and irregular content maintenance. Online presence alone does not create competitiveness; enterprises must sustain response quality, customer confidence, and service reliability. This implies that policy interventions should focus on ecosystem readiness, not just connectivity.

10 Policy Implications for Gujarat

District Industries Centres, artisan bodies, women-oriented enterprise programs, and cottage-industry institutions can improve competitiveness through district-level digital marketing training, shared product catalog support, packaging and photography assistance, multilingual content development, and onboarding support for online marketplaces and open digital commerce systems. Cluster-based logistics support and district branding for signature products can further strengthen competitiveness. Gujarat's policy architecture already provides a useful base for such interventions if digital market facilitation is treated as a structured support function.

11 Conclusion

Digital marketing has emerged as a strategic competitiveness capability for MSME, cottage, and rural industry products. In Gujarat, where many products carry local identity and production heritage, digital channels can convert cultural and production strengths into commercial advantage. The paper therefore concludes that digital marketing should be treated as a competitiveness infrastructure – not merely an advertising technique – for the state's MSME and rural enterprise economy.

12 Selected Official Charts

The following figures reproduce selected official dashboard indicators relevant to the paper's market-competitiveness and rural enterprise context.

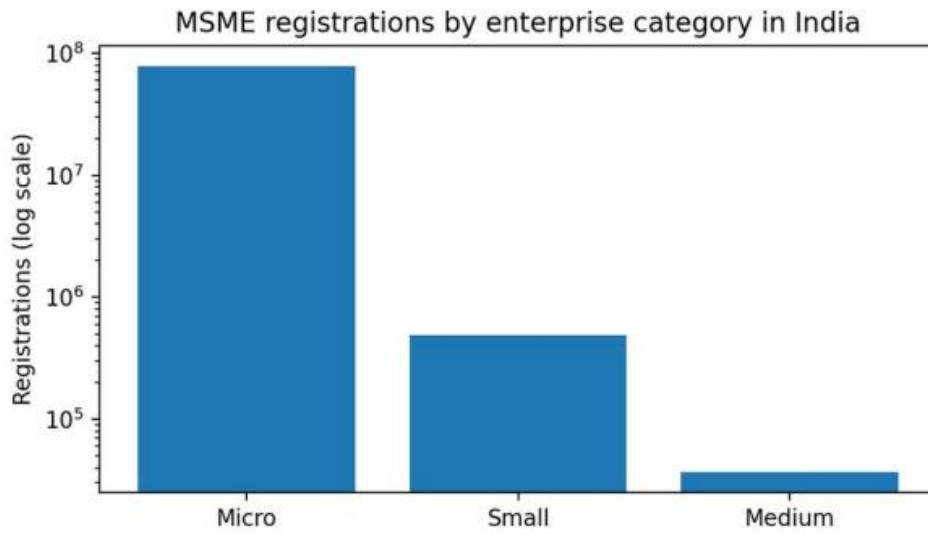


Figure 1. MSME registrations by enterprise category in India (log scale), based on the official MSME dashboard

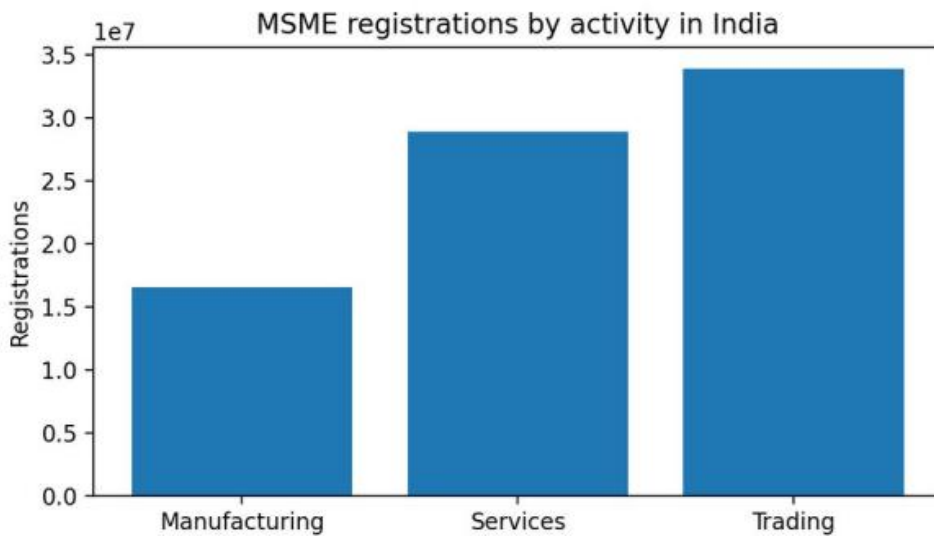


Figure 2. MSME registrations by activity in India, based on the official MSME dashboard

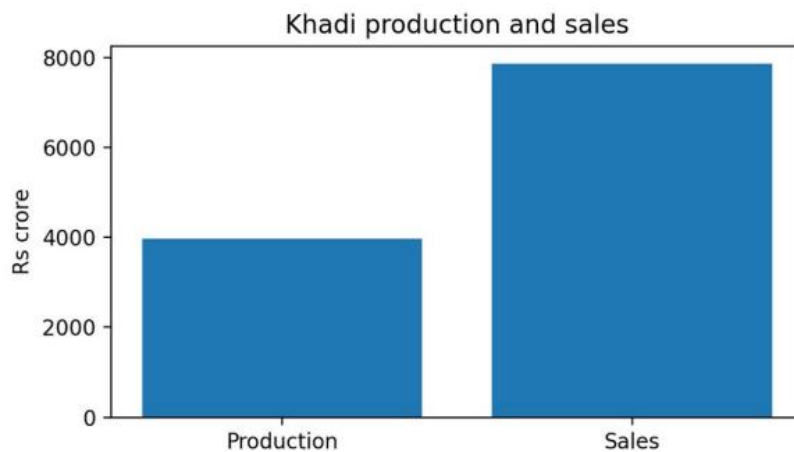


Figure 3. Khadi production and sales values reported on the official MSME dashboard

Table 1. Selected official indicators informing the study design and discussion

Indicator	Value / Status	Source / Date
MSME contribution to India's GDP	Around 30%	MSME Annual Report 2024-25
MSME contribution to India's exports	Over 45%	MSME Annual Report 2024-25
Total MSME registrations incl. Udyam + UAP	7,94,25,711	MSME Dashboard, 14-04-2026
Enterprise category split	Micro 7,88,97,394; Small 4,91,260; Medium 37,057	MSME Dashboard, 14-04-2026
Activity split	Manufacturing 1,65,78,457; Services 2,89,23,192; Trading 3,39,24,062	MSME Dashboard, 14-04-2026
Khadi production / sales	Rs 3973.98 crore / Rs 7868.74 crore	MSME Dashboard, 31-03-2026
Gujarat policy anchor	Cottage Policy-2024 available on official portal	Govt. of Gujarat portal
Digital commerce inclusion frame	ONDC positions sellers as discoverable online and highlights low historic e-commerce enablement	ONDC official site

Table 2. Suggested questionnaire structure for an empirical Gujarat field study

Section	Illustrative items	Response format
Profile	District; enterprise type; product category; years in operation; annual turnover band	Tick / short text
Digital presence	WhatsApp Business; Instagram/Facebook; online catalogue; online marketplace listing; digital payment option	Yes / No
Marketing practice	Use of product photos; videos/reels; customer testimonials; local-language content; paid ads	5-point frequency scale
Competitiveness outcomes	Change in inquiries; customer reach; repeat orders; sales growth; margin improvement	5-point agreement scale
Intermediary dependence	Share of sales routed through traders before and after digital adoption	Percentage band
Constraints	Digital skill gap; packaging weakness; logistics; photography quality; returns/refunds; payment confidence	5-point severity scale
Support needs	Training, design support, packaging, cataloguing, marketplace onboarding, branding help	Multiple choice / ranking

Table 3. Suggested measurement constructs for hypothesis testing

Construct	Illustrative measurement items
Digital marketing adoption	Our enterprise actively uses digital channels to showcase products; we respond to customers through digital platforms; digital catalogues are updated regularly.
Visibility and reach	Digital channels have improved product visibility; we receive inquiries from outside our district; new customer reach has increased.
Competitiveness	Digital marketing has improved our sales position; branding has strengthened our market identity; our dependence on intermediaries has reduced.
Constraint intensity	Lack of digital skills limits online growth; logistics/packaging reduce our competitiveness; language/content issues affect response and conversion.

13 Official Indicators Supporting the Study

The study design and discussion are informed by official real-time MSME dashboard data, official Gujarat policy pages, and ONDC's official site.

14 Appendix A. Suggested Questionnaire for Field Survey

The following questionnaire structure is suggested for an empirical Gujarat field study of MSME and rural product units.

- [3] State Wise Udyam Registration, MSME Dashboard, Ministry of MSME, Government of India.
- [4] Commissioner of Cottage and Rural Industries, Government of Gujarat, Cottage Policy-2024 download page.
- [5] Commissioner of Cottage and Rural Industries, Government of Gujarat, official portal and schemes pages.
- [6] ONDC, About ONDC, official website.
- [7] ONDC, Learn About ONDC, official website.

15 Appendix B. Suggested Measurement Scale

The following measurement constructs are suggested for hypothesis testing. Response scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

REFERENCES

- [1] Ministry of Micro, Small and Medium Enterprises, Annual Report 2024-25, Government of India, 2025.
- [2] MSME Dashboard, Ministry of MSME, Government of India, real-time dashboard accessed 14 Apr. 2026.