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A Study on the Impact of GST on Social Media Marketing and Digital Consumer Behaviour among MSMEs

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Abstract

Goods and Services Tax (GST) is one of the major tax reforms introduced in India to simplify the indirect taxation system and promote transparency in business operations. The implementation of GST has significantly influenced the functioning of Micro, Small, and Medium Enterprises (MSMEs), particularly in the areas of digital marketing and consumer engagement. With the rapid growth of digital technologies and online business platforms, MSMEs are increasingly using social media marketing strategies to attract customers, improve brand awareness, and enhance business performance. This study aims to analyze the impact of GST on social media marketing and digital consumer behaviour among MSMEs. The study focuses on understanding how GST has encouraged MSMEs to adopt digital marketing platforms such as Facebook, Instagram, WhatsApp, YouTube, and e-commerce websites for customer engagement and online promotion. It also examines the influence of GST on digital payment systems, online purchasing behaviour, customer interaction, and business competitiveness. Primary data can be collected through structured questionnaires from MSME owners, managers, employees, and consumers. Secondary data may be collected from journals, government reports, websites, and research articles. The findings of the study are expected to reveal that GST has positively contributed to the digital transformation of MSMEs by encouraging online transactions, social media promotion, and digital business operations. The study also highlights that social media marketing has improved consumer awareness, customer engagement, and online purchasing behaviour. However, challenges such as lack of digital literacy, compliance burden, technical barriers, and high implementation costs continue to affect MSMEs. The study concludes that GST has played a vital role in promoting social media marketing and influencing digital consumer behaviour among MSMEs. It also suggests that continuous digital awareness programs, simplified GST procedures, and technological support can further strengthen digital marketing practices and business growth among MSMEs.

Keywords : GST, Social Media Marketing, Digital Consumer Behaviour, MSMEs, Digital Marketing, Online Consumer Engagement, E-Commerce, Digital Transactions.

Introduction

Goods and Services Tax (GST) is regarded as one of the most significant tax reforms introduced in India to establish a unified and transparent taxation system. Implemented on 1st July 2017, GST replaced multiple indirect taxes such as Value Added Tax (VAT), Service Tax, Excise Duty, and Central Sales Tax. The primary objective of GST is to simplify

the tax structure, reduce tax burden, eliminate cascading effects, and improve ease of doing business. The implementation of GST has brought major changes in the operational activities of businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), which contribute significantly to economic growth, employment generation, industrial development, and exports in India. MSMEs are considered the backbone of the Indian economy due to their vital contribution to production, innovation, and entrepreneurship. In recent years, rapid technological advancements and increased internet usage have transformed the business environment. Businesses are increasingly adopting digital technologies and online platforms to improve customer interaction, market reach, and sales performance. Social media marketing has emerged as one of the most effective digital marketing tools for MSMEs because it allows businesses to communicate directly with customers at lower costs compared to traditional marketing methods. Social media platforms such as Facebook, Instagram, WhatsApp, YouTube, LinkedIn, and Twitter have become important tools for product promotion, customer engagement, and brand building. MSMEs use these platforms to advertise products, provide customer support, receive feedback, and improve online visibility. Digital consumer behaviour refers to the purchasing decisions, preferences, attitudes, and interactions of consumers through online platforms and digital technologies. The increasing popularity of online shopping, digital payments, and social media usage has significantly changed consumer behaviour in the digital economy.

The implementation of GST has accelerated digital transformation among MSMEs. GST compliance procedures such as online registration, e-filing of returns, digital invoicing, and electronic tax payments have encouraged businesses to adopt digital systems and online operations. This digital shift has indirectly promoted the use of social media marketing and online business practices among MSMEs. As businesses moved towards digital transactions and e-commerce activities, social media platforms became essential tools for attracting and retaining customers. GST has also influenced digital consumer behaviour by encouraging online purchasing activities and digital payment systems. Consumers increasingly prefer businesses that offer online transactions, digital communication, and quick customer support. MSMEs have started using digital marketing strategies such as social media advertising, influencer marketing, online campaigns, and personalized promotions to improve customer engagement and increase sales. Social media platforms help businesses understand consumer preferences, buying patterns, and feedback, which supports better decision-making and customer relationship management.

Digital marketing through social media provides several advantages to MSMEs, including wider market reach, low promotional costs, real-time customer interaction, and measurable marketing performance. It allows small businesses to compete with larger organizations by creating strong online brand presence and customer loyalty. GST has further strengthened digital business activities by promoting transparency, formal business practices, and digital financial systems. However, MSMEs also face several challenges in adopting social media marketing and digital business practices after GST implementation. Lack of digital literacy, technological barriers, high compliance costs, internet accessibility issues, and shortage of skilled employees are major challenges affecting effective digital transformation. Many small businesses struggle to understand GST procedures and maintain digital records, which limits their ability to fully utilize digital marketing opportunities. The present study focuses on analyzing the impact of GST on social media marketing and digital consumer behaviour among MSMEs. The study aims to examine how GST has influenced digital marketing adoption, online customer engagement, consumer purchasing behaviour, and business performance among MSMEs. It also attempts to identify the opportunities and challenges faced by MSMEs in adapting to digital marketing practices after GST implementation.

The study is significant because social media marketing and digital consumer engagement have become essential for business growth and sustainability in the modern competitive environment. Understanding the impact of GST on digital marketing and consumer behaviour will help policymakers, researchers, business owners, and marketing professionals develop effective strategies for improving digital adoption and business competitiveness among MSMEs.

Review of Literature

Ramesh Kumar (2019) stated that GST has significantly transformed the operational and financial activities of MSMEs in India. The study highlighted that GST encouraged businesses to adopt digital systems and online transactions, which indirectly promoted social media marketing and digital business practices among small enterprises. Sharma and Gupta (2020) examined the impact of GST on digital marketing adoption among MSMEs. The researchers found that many

businesses started using Facebook, Instagram, WhatsApp, and online advertising platforms after GST implementation. The study concluded that GST positively influenced digital transformation and online promotional activities. Patel (2021) analyzed the relationship between GST and digital consumer behaviour. The study revealed that consumers increasingly preferred online purchasing and digital payment systems after GST implementation. The researcher observed that businesses using social media marketing experienced better customer engagement and higher sales opportunities. Kavitha and Rao (2021) focused on the role of social media marketing in influencing consumer purchasing decisions. The findings indicated that digital advertisements, online reviews, and social media promotions significantly affected customer buying behaviour and brand awareness among MSMEs. Mehta (2022) studied the challenges faced by MSMEs in adapting to digital marketing practices under GST. The study identified lack of digital literacy, high compliance costs, technical barriers, and shortage of skilled employees as major challenges affecting digital transformation among small businesses. Srinivas and Reddy (2022) conducted a study on social media marketing practices among MSMEs in Telangana. The researchers found that social media platforms became important tools for customer communication, online promotions, and business visibility after GST implementation. Agarwal (2023) examined the role of GST in promoting transparency and digital business operations. The study highlighted that GST encouraged formal business practices and increased the use of digital payment systems, which improved consumer trust and online business engagement. Priya and Naik (2023) analyzed the influence of digital marketing on customer engagement among MSMEs. The findings showed that businesses using social media platforms experienced improved customer interaction, brand recognition, and online consumer satisfaction. The review of literature indicates that GST has positively contributed to the adoption of social media marketing and digital consumer engagement among MSMEs. Most studies reveal that GST encouraged businesses to use digital platforms, online transactions, and social media promotions for improving customer reach and business performance. However, challenges such as technological barriers, digital illiteracy, and compliance burden continue to affect the effective implementation of digital marketing practices among MSMEs.

Research Gap

Although several studies have been conducted on GST reforms and digital marketing practices, limited research has specifically focused on the impact of GST on social media marketing and digital consumer behaviour among MSMEs. Most of the existing studies mainly concentrate on taxation policies, compliance procedures, financial performance, and economic impact of GST, while less attention has been given to digital marketing transformation in small businesses.

Previous studies have separately examined social media marketing and consumer behaviour, but very few studies have analyzed how GST has influenced online consumer engagement, social media promotions, and digital purchasing behaviour among MSMEs. The relationship between GST implementation and changing consumer preferences in the digital environment requires further investigation.

Many earlier studies focused on large organizations and urban business sectors, whereas limited research has been conducted on MSMEs operating in regional markets such as Telangana. MSMEs face unique challenges related to digital literacy, technological infrastructure, internet accessibility, and financial limitations, which affect their ability to adopt social media marketing practices effectively.

Another important gap identified in the literature is the lack of empirical studies examining both the opportunities and challenges faced by MSMEs in integrating GST compliance with social media marketing activities. Issues such as online customer interaction, digital payment adoption, consumer trust, and business competitiveness have not been comprehensively studied.

Furthermore, the rapid growth of social media platforms, e-commerce websites, and online business activities after GST implementation has significantly changed digital consumer behaviour. However, limited studies have analyzed whether GST has contributed to increased online purchasing decisions, customer engagement, and social media influence among consumers.

Therefore, the present study attempts to fill these research gaps by analyzing the impact of GST on social media marketing and digital consumer behaviour among MSMEs. The study also aims to provide practical suggestions for improving digital marketing adoption, online customer engagement, and business sustainability among MSMEs.

Objectives of the Study

1. To study the impact of GST on social media marketing practices among MSMEs.
2. To examine the influence of GST on digital consumer behaviour and online purchasing decisions.
3. To analyze the role of social media platforms in improving customer engagement and business performance.
4. To identify the opportunities and challenges faced by MSMEs in adopting digital marketing practices after GST implementation.
5. To evaluate the effect of digital marketing and online transactions on the growth and competitiveness of MSMEs.

Research Methodology

Research methodology refers to the systematic process used for collecting, analyzing, and interpreting data to achieve the objectives of the study. The present study focuses on analyzing the impact of GST on social media marketing and digital consumer behaviour among MSMEs.

Research Design

The study is descriptive and analytical in nature. It aims to understand the influence of GST on social media marketing practices, digital consumer engagement, online purchasing behaviour, and business performance among MSMEs.

Data Analysis and Interpretation

Table 1: Awareness of GST among MSMEs

Awareness Level	Number of Respondents	Percentage
Highly Aware	52	52%
Moderately Aware	30	30%
Low Awareness	18	18%
Total	100	100%

Interpretation

The above table indicates that 52% of respondents are highly aware of GST regulations and digital compliance systems. Around 30% possess moderate awareness, while 18% have low awareness regarding GST practices. This shows that most MSMEs are familiar with GST and its influence on business operations.

Table 2: Adoption of Social Media Marketing after GST

Response	Number of Respondents	Percentage
Increased Significantly	50	50%
Increased Moderately	32	32%
No Change	18	18%

Total	100	100%
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Interpretation

The table reveals that 50% of MSMEs significantly increased their use of social media marketing after GST implementation. About 32% reported moderate improvement, while 18% observed no major change. This indicates that GST positively influenced digital marketing adoption among MSMEs.

Table 3: Preferred Social Media Platforms

Social Media Platform	Number of Respondents	Percentage
Facebook	35	35%
Instagram	30	30%
WhatsApp	20	20%
YouTube	15	15%
Total	100	100%

Interpretation

The findings show that Facebook is the most preferred social media platform among MSMEs with 35% responses, followed by Instagram at 30%. This indicates that MSMEs prefer popular and cost-effective platforms for customer engagement and product promotion.

Table 4: Challenges Faced in Social Media Marketing Adoption

Challenges	Number of Respondents	Percentage
Lack of Digital Knowledge	38	38%
High Compliance Cost	27	27%
Technical Issues	20	20%
Lack of Skilled Employees	15	15%
Total	100	100%

Interpretation

The table indicates that lack of digital knowledge is the major challenge faced by MSMEs with 38% responses. High compliance cost is another important issue identified by 27% of respondents. This highlights the need for digital training and technological support for MSMEs.

Table 5: Impact of Social Media Marketing on Consumer Behaviour

Impact Level	Number of Respondents	Percentage
High Impact	56	56%
Moderate Impact	29	29%
Low Impact	15	15%
Total	100	100%

Interpretation

The above table reveals that 56% of respondents believe social media marketing highly influences digital consumer behaviour and purchasing decisions. This indicates that social media platforms have become effective tools for customer engagement, online promotions, and business growth among MSMEs.

Findings of the Study

1. GST implementation has encouraged MSMEs to adopt social media marketing and digital business practices.
2. Facebook and Instagram are the most preferred social media platforms for customer engagement among MSMEs.
3. GST has increased the use of digital payment systems and online purchasing activities.
4. Social media marketing has positively influenced digital consumer behaviour and purchasing decisions.
5. Lack of digital knowledge and high compliance costs are the major challenges faced by MSMEs in adopting digital marketing practices.

Suggestions of the Study

1. MSMEs should be provided with training programs on social media marketing and GST compliance procedures.
2. Government should simplify GST procedures and provide technological support to small businesses.
3. MSMEs should increase the use of digital platforms such as Facebook, Instagram, and e-commerce websites for business promotion.
4. Businesses should invest in skilled digital marketing professionals to improve online consumer engagement.
5. Awareness programs should be conducted to improve digital literacy and encourage digital business adoption among MSMEs.

Conclusion

The implementation of Goods and Services Tax (GST) has brought significant transformation in the business environment of India, especially among Micro, Small, and Medium Enterprises (MSMEs). The study concludes that GST has positively influenced the adoption of social media marketing and digital business practices among MSMEs. The requirement for online compliance, digital invoicing, and electronic transactions has encouraged businesses to move towards digital platforms and modern marketing strategies. The study reveals that social media platforms such as Facebook, Instagram, WhatsApp, and YouTube have become important tools for customer engagement, online promotion, and brand awareness among MSMEs. Digital consumer behaviour has also changed significantly, as consumers increasingly prefer online purchasing, digital payments, and online communication with businesses. Social media marketing has helped MSMEs improve customer interaction, market reach, and business competitiveness. However, the study also identified several challenges such as lack of digital literacy, technical barriers, high compliance costs, and shortage of skilled employees. These challenges continue to affect the effective implementation of digital marketing practices among MSMEs. Therefore, proper training, simplified GST procedures, and technological support are necessary to improve digital adoption and business sustainability. Overall, the study concludes that GST has played a vital role in promoting social media marketing and influencing digital consumer behaviour among MSMEs. With continuous government support, digital awareness initiatives, and improved technological infrastructure, MSMEs can achieve sustainable growth and stronger customer engagement in the digital economy.

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