

The Marketing Reinvented in the Era of AI: Strategy and Initiatives in Enriching MSMEs in India

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AUTHOR CONTRIBUTION

The entire research work in the present study, from idea generation to blueprint drafting, literature review, analysis, and summary writing, has been finalised and completed by Dr Pooja. The complete study is written and presented by the author alone.

CONFLICT OF INTEREST

The Author declares that there is no conflict of interest.

FUNDINGS ACKNOWLEDGMENT

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors. The author is a regular teaching faculty member of the said institution.

Abstract

Background: In recent years a pivotal role played by Micro, Small and Medium Enterprises (MSMEs) in India's economic growth and development. However, many challenges are faced by MSMEs in the marketing of products and services due to limited resources and a lack of expertise. In this study, Artificial Intelligence (AI) is proven to be a transformative tool for streamlining the promotion of MSME brands by ensuring personalised consumer engagements, automated advertising, data-enabled decision-making, predictive demand analysis, etc.

Aim: This study aims to explore the catalyst role of AI-driven strategies and government initiatives in enhancing MSME brand visibility, competitiveness and customer preference analysis.

Findings: The major finding highlights the key pillars of marketing strategies used to enhance the performance of MSMEs in India and government initiatives in the adoption of MSMEs' marketing, followed by the probable challenges faced by the delayed adoption of AI.

Implications: It is suggested in the study that strategic investments in infrastructure, education and policy development are also needed to unlock its potential.

Introduction

The business landscape has significantly transformed with the evolution of AI in India due to enormous business opportunities. In India, MSMEs have been developed as a backbone contributing substantially to employment, growth and innovations and firing up India's economy. For MSMEs in India, a vast opportunity is created to overcome the traditional marketing barriers effectively. However, several barriers remained unchanged, and the adoption of AI is still at a nascent stage for many small business houses (Chatterjee et al., 2021) in India. Many owners are unfamiliar with the adoption of AI tools and their applications. The paper explores the role of AI in the marketing of MSMEs, examining the transformative impact of AI enabling MSMEs to optimise marketing efforts, and fostering a supportive ecosystem (Hussain & Rizwan, 2024) for tried, smart and efficient solutions.

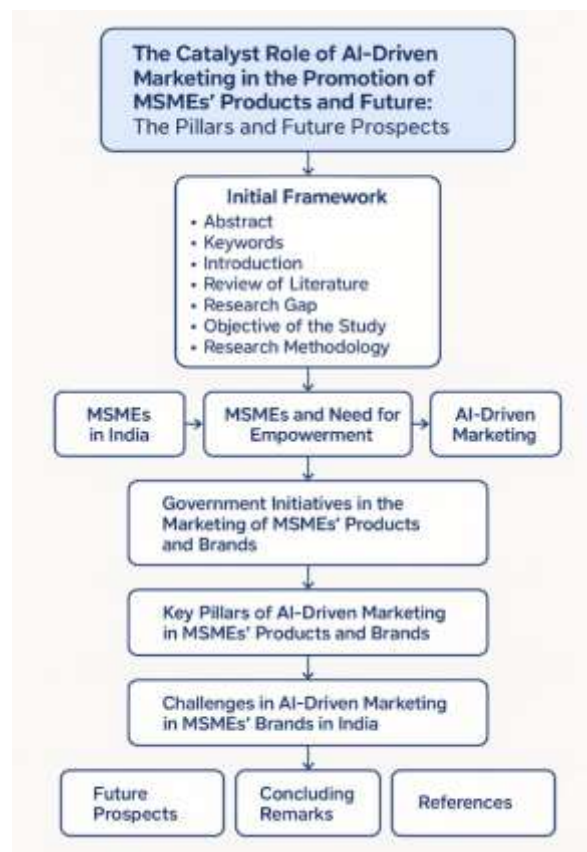


Figure 1: Paper Layout Model related to the role of AI-driven Marketing and its Impact on MSMEs in India

Review of Literature

The integration of Artificial Intelligence into marketing activities has become a significant success tool in the business world, offering transformative opportunities for businesses, including MSMEs, to enhance their marketing practices in India. The AI application in marketing is primarily driven by its ability to systematise and enhance marketing work processes. It is stated by (Daga et al. 2023; Fernandes 2025), AI can enhance various aspects of digital marketing, such as content creation, market segmentation, personalised references, and targeted advertising promotion. This automation reduces the cost and time associated with marketing efforts, allowing MSMEs to achieve greater efficiency (Deep and Zanke, 2024). AI-driven tools like chatbots and email marketing can significantly improve customer engagement and conversion rates, which are vital for MSMEs operating with limited resources in India (Jaychandran & Shilla, 2024).

It is observed by Khan (2024) that personalised experiences not only improve customer satisfaction but also initiate higher brand loyalty and conversions. For the MSMEs, the capability of managing customer service is especially valuable, as it allows them to compete with larger enterprises that have greater resources (Arfah, 2025). Despite the advantages, MSMEs face several challenges in adopting AI-driven marketing strategies. Many MSME owners in India, especially in rural areas, are unfamiliar with AI technologies and how they can be applied to marketing. The lack of understanding is compounded by the financial constraints MSMEs face, making it difficult for them to afford AI tools, hire skilled talent, or invest in training (Erwin et al., 2023).

Further, the digital infrastructure in India, particularly in rural and semi-urban areas, poses a significant challenge. Slow internet speeds and a lack of access to reliable cloud computing resources hinder MSMEs from fully benefiting from AI-driven marketing (Khan, 2024). Additionally, the talent gap remains a critical issue, as there is a shortage of trained specialists who can implement and manage AI tools, particularly in smaller businesses with limited budgets for hiring experts (Umamaheswari et al., 2025).

Moreover, the Indian government has recognised the potential of AI in driving economic growth to promote the adoption of AI, particularly among MSMEs. Programmes such as the Digital MSME Scheme and the Startup India Campaign have been designed to help MSMEs integrate digital tools, including AI, into business operations (Govt. of India, 2021). Moreover, the government's focus on improving digital literacy through initiatives also helps to address the skill gap, providing MSME owners and employees with the necessary training to leverage digital and AI technologies (Chatterjee et al., 2021). Additionally, platforms like the Government E-Marketplace (GeM) provide a digital ecosystem where MSMEs can use AI to optimise product listings and marketing strategies, enabling them to tap into larger government procurement opportunities as published in the report of the Government of India (2021).

Alongside, the future of AI in MSME business appears promising, especially with the rapid digitalisation of the Indian Economy. It is justified by (Singh T. et al., 2021), as the cost of AI tools continues to decrease and convenience increases, more MSMEs are expected to adopt AI tools to enhance marketing operations (Ocran et

al.,2024). AI-driven platforms designed for e-commerce and social media (Sedana Putra, 2024) marketing will allow MSMEs to target specific consumer segments more effectively and at lower costs stated in the findings by (Peretz-Andersson et al., 2024). AI can also play a central role in helping MSMEs improve their decision-making processes by providing deeper insights into consumer behaviour, trends, and market dynamics (Ocran et al., 2024).

Research Gap

While existing studies highlight the significance of digital marketing for MSMEs, limited research focuses specifically on the role of AI-driven marketing in the Indian MSME sector. Most studies emphasise broader digital transformation but lack insights into AI tools like chatbots, predictive analytics, and automation in MSME branding. The challenges MSMEs face in integrating AI, such as cost barriers and skill shortages, also need deeper exploration. This study aims to bridge these gaps by analysing AI-driven marketing's impact, challenges, and policy support to enhance MSME competitiveness in India.

Objectives

1. To identify the key pillars of AI-driven marketing in MSMEs in India and to assess the challenges and barriers in the specified area of study.
2. To evaluate the government. Initiatives that support the adoption of AI technologies and provide recommendations for effective adoption of AI-driven marketing activities for improving brand innovation and visibility in MSMEs.

Research Methodology

- **Nature and Design of the Study** –The present study is based on the available and existing literature and secondary data; hence, the descriptive research design has been adopted.
- **Nature and Sources of Data Collection** –The nature of data collection is secondary, so the relevant data have been taken from secondary sources like journals, web articles, press releases and the authentic reports of MSMEs.
- **Interpretation:** For analysis and finding systemic and thematic Content analysis is adopted to find out the major driving pillars, problems and opportunities of AI-driven marketing practices in all the major MSMEs established in India with real case examples.

Discussion

Theme A: The Need for AI-Driven Marketing for MSMEs' Brands in India

In the digital era of business, the Indian economy is evolving digitally, and it becomes very crucial to promote the domestic products of MSMEs through AI-driven marketing activities. Because traditional marketing activities operate on huge budgets, but with the help of AI tools, activities like content creation, social media management, advertising and customer engagement become more affordable and help to maximise ROI.

Moreover, with the help of AI tools, customer demands can be personalised and highly targeted. It can track the behavioural patterns of users and purchase preferences of target audiences, which helps to deliver exact offers and promotions in the market. It is also seen that by using AI-driven marketing tools, MSMEs can scale their efforts without any complexities and reach international audiences with reduced operational overheads. Additionally, the improved customer service emerged as a critical component in the MSME sector. It can provide digital solutions such as chatbots and virtual assistance to facilitate 24/7 customer service and resolve consumer complaints in a short time.



Figure 2: The Need for AI-Driven Marketing in the Promotion of MSMEs in India (Developed by Author with the help of Gen AI)

Theme B: AI-Driven Marketing Strategy in MSMEs

The AI tools can help to save time by handling repetitive tasks with limited manpower and financial resources, which in turn allows strategic decision making and value-added services. AI-powered marketing platforms use machine learning algorithms, automatically adjust ad content, targeting and content optimisation that enable small entrepreneurs to avail smart services without huge investment.



Figure 3: AI driven Marketing

Moreover, the initiatives of Startup India, Digital MSME schemes, and Make in India efforts by the Government of India showed an increasing interest in the promotion and adoption of AI marketing in MSMEs as a part of the digital transformation strategy. So, it showcases the potential of AI-driven marketing for transforming MSMEs in India, enabling them to optimise marketing efforts and compete with larger business houses in a fast-evolving landscape.

Theme C: The Key Pillars of AI-Driven Marketing in MSMEs in India

The AI-driven marketing strategies in Indian MSMEs are built on key pillars that might enhance efficiency and customer engagement. Likewise, the data-driven insights, helpful to analyse behavioural patterns of consumers, their taste, habits and preferences with the help of AI empowered analytic tools like Google and CRM solutions, are proven to help track consumer journeys.

Next to this, personalisation through AI conditions for tailored experiences by using chatbots and recommendation engines. Parallel to, automation may streamline tasks like email marketing, social media posts and customer support with the help of automation platforms like Zoho Marketing Automation, HubSpot allows MSMEs to maintain consistent communication with customers. Moreover, AI-driven content creation and SEO

optimisation tools can be used widely to generate high-quality marketing content and improve AI online product visibility, like Jasper AI and Copy.ai for MSMEs' marketing.

Alongside, the targeted advertising through AI platforms like Google Ads and other social media ads helps the MSMEs in India and ensures better ROI through an optimised campaign. Likely, Sentiment Analysis and Brand Management tools analyse the customer reviews and social media sentiments to gauge the brand perception, which helps to improve customer feedback and shopping experiences. AI-enabled CRM enhances the customer relationship, whereas the voice and visual search boost the product and service discovery (Google Lens, Pinterest) enabled through images. The AI-driven marketing strategies identify and analyse the right influencer and social media trends for effective marketing campaigns, making MSMEs more competitive in the digital market.

Table 1: Key Pillars of AI-Driven Marketing for MSMEs in India

Pillar	Purpose	Example (India)
Data-Driven Decision Making	Analyse consumer behaviour & trends	Zomato, Sleepy Owl, Bevzilla
Personalisation & Customer Engagement	Offer tailored content and product suggestions	Nykaa, Happilo, True Elements, Farmley
Automation & Marketing Efficiency	Automate emails, social media, and customer tasks	mCaffaine, Slurp Farm, Bella Vita organic
Predictive Analytics & Forecasting	Forecast demand and personalise campaigns	Lenskart, Nat Habbit
AI-Powered Digital Advertising	Optimise ad targeting and increase ROI	Mamaearth, boAt, Sugar Cosmetics
Voice Search & Conversational Marketing	Enable voice-based shopping and interaction	Bigbasket, Country Delight, Jio-Mart, Blinkit
AI-Enabled Social Media Marketing	Automate posts and track engagement	Chumbak, Zouk
Content Creation & Curation	Generate marketing content efficiently	The Man Company, The Glitch

Source: Different sources on the web

Theme D: Government Initiatives to Support MSMEs in India

Recognising the efforts and importance of MSMEs in India, the Government of India has launched several initiatives to support the marketing of MSME brands (as per the reports of the Government of India 2021), especially through AI-driven digital marketing. One of the key initiatives is the Digital MSME Scheme to promote ICT tools (as per the press release of the Government of India, 2022), including AI, to improve biz operations. It also provides financial assistance and training for adopting digital technologies (Ministry of Electronics and Information Technology, 2021). Likewise, MSME Development Institutes (MSME-DI) help to manage and employees of MSMEs to understand the need for AI in digital marketing, CRM and sales management by offering seminars and workshops.

Under the Atmanirbhar Bharat Campaign, the Government. Facilitates MSMEs to adopt digital technologies for enhancing productivity, marketing and competitiveness. Along with these initiatives, AI for India (NITI

Aayog's strategy for AI), the policy think tank, promotes AI adoption in different sectors like agro, manufacturing and retail industry (NITI Aayog, 2020) that have significant MSME participation. The Udyam Portal is integrated with several e-commerce and digital platforms to allow MSMEs to promote their brands. The Govt took initiatives to collaborate with hi-tech companies to facilitate MSMEs to analyse consumer mindset (Neuro consumer behaviour) and personalise the products and services accordingly (Ministry of Skill Development and Entrepreneurship, 2021).

Moreover, the ONDC (Open Network for Digital Commerce) is a government-backed initiative to allow MSMEs to connect with a digital marketplace. Side by side, AI is being used to offer real-time assistance (Reserve Bank of India, 2020) and marketing solutions (Startup India, 2020). Through these measures, the government is empowering MSMEs to adopt modern marketing practices and leverage AI for brand building, retention and promotion (MSME Champions Portal, 2025).

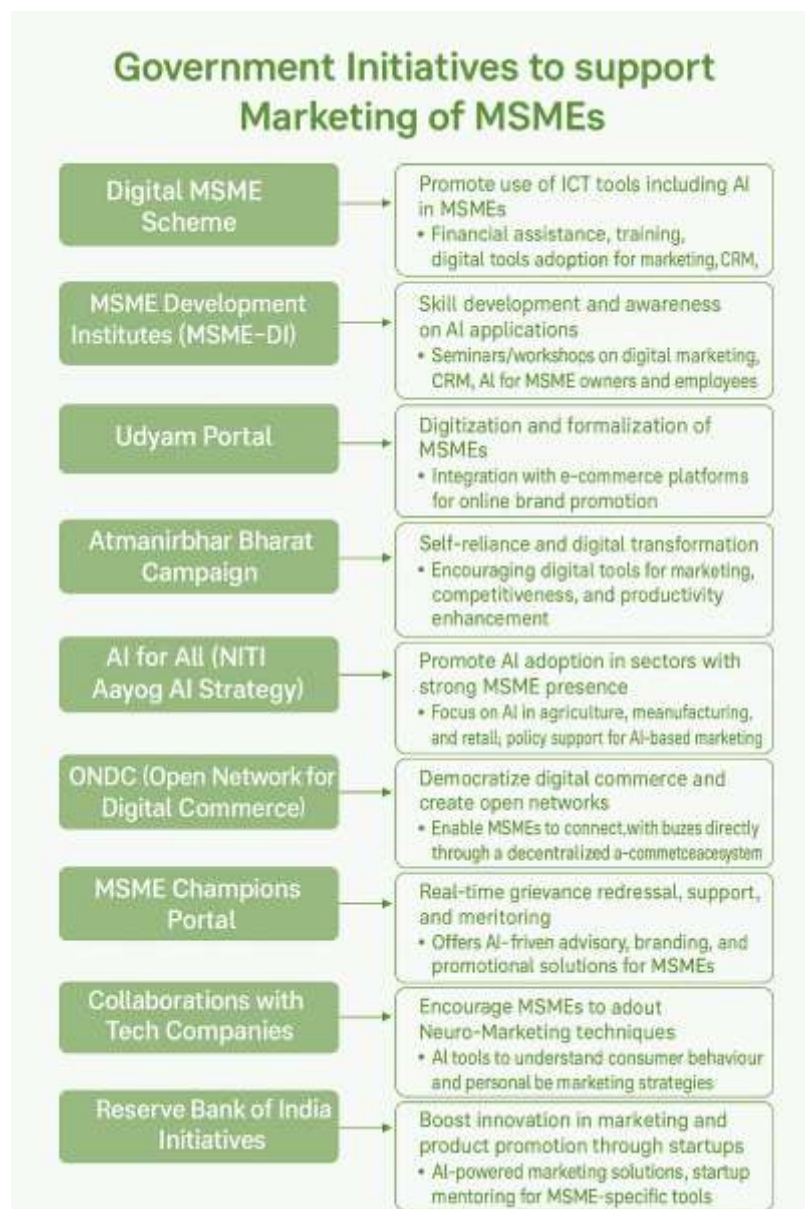


Figure 4: Government initiatives towards Marketing of MSMEs in India (Compiled by author with the help of Gen AI)

Theme E: Challenges and Barriers to AI Adoption in Marketing of MSMEs

It is widely seen that the adoption of AI in Indian MSMEs holds great significance, but also faces several significant challenges and problems. In the marketing framework, one of the major challenges is the *lack of proper awareness and understanding* among the owners of MSMEs, because many of them are unfamiliar with the benefits of AI in their business. Side by side, AI implementation in MSMEs also requires a *huge investment* in purchasing and maintaining software, infrastructure. So, it is *compounded by financial constraints*, as most of the MSMEs operate on a small budget. *Another barrier* is the *shortage of skilled manpower* supply in AI, data analytics and machine learning, because hiring or training staff can be expensive and time-consuming and creating a hurdle.

Also, the *absence of a robust digital infrastructure* makes it difficult to deploy AI solutions and technologies. Moreover, the traditional mindset and resistance to change driven by the comfort with existing techniques can delay in adoption of AI technologies. The concern about *data privacy* also proved a big challenge for the MSME owners due to the misuse of sensitive information about customers and business. Even though the government in India has initiated several schemes to promote digital transformation in MSMEs, there is still a need for a strong AI ecosystem to support hurdle-free business operations and optimum utilisation of limited resources. Therefore, it is essential to raise awareness and literacy, provide financial and government policy support, and build a *robust AI ecosystem* to unlock the potential of small and medium businesses in India.

Theme F: Future Prospects and Recommendations for AI Adoption in MSME Businesses in India

The future of marketing MSMEs with the help of AI marketing is very promising, with the unlocking of potential to transform how small and medium-scale businesses operate, market their products and grow. One of the main motivating prospects is enhanced decision making with the help of real-time data analytics, managing inventories and optimising pricing and distribution accurately.

Personalised customer experiences can also become a norm in product recommendations, offers and services based on preferences, boosting customer satisfaction. The operational efficiency will also improve with the automation of routine tasks. AI can also help MSMEs in the digital future to expand their market reach by using chatbots, targeted advertising, and voice search optimisation to connect with stakeholders worldwide.

Additionally, the supply chain of logistics will also benefit through AI-driven logistics planning, demand forecasting and inventory management. The cloud-based platforms will enable MSMEs to have an affordable AI solution by integrating tech providers and MSME firms without huge investment, which could foster innovation and growth in this area of business. Overall, the AI-driven marketing for Micro, Small and Medium

Scale firms is set to be a game changer by enhancing competitiveness, customer engagement and business resilience in the digital age.

Conclusion

A transformative potential for MSMEs in India is becoming smarter, cost-effective marketing strategies through AI. From an automated campaign to deliver personalised customer experiences, AI tools enhance visibility, improve efficiency, and likely support brand growth. However, the adoption remains inadequate due to financial, technical, communication and awareness barriers. Government initiatives and professional advisory support are also found critical to bridging the gaps. By fostering digital literacy and making AI tools more accessible, MSMEs can fully leverage their potential in the competitive marketplace. Embracing AI is no longer optional; it is a strategic necessity for sustainable business development and long-term resilience.

Practical Implications for MSMEs, Professionals and Policy Makers

- The main findings of the study can be useful for the **government and managerial authorities** to frame targeted policies, financial supports, training and development programmes to encourage small and medium businesses in India.
- With the help of AI-driven marketing practices, **MSMEs can offer personalised offerings** based on customer preferences, resulting in improved ROI and customer satisfaction.
- By using AI-driven marketing practices, **MSMEs can collaborate** with technology providers and developers to find affordable solutions suited to their specific needs.
- **For professionals working with MSMEs**, the study serves as a guide to assist the small enterprises in evaluating the potential of AI tools for marketing, managing implementation costs, and aligning digital strategies with overall business goals.
- It also provides a **base for the professionals** to select and adopt suitable AI solutions for customer engagement, campaign optimisation, and performance tracking and enabling more informed, financially cost-effective decisions in resource-controlled environments.
- For **policymakers**, the article highlights the necessity of creating supportive ecosystems that can promote the use of AI among small businesses.
- The study also **emphasises the importance of enhancing digital literacy**, offering financial incentives, and ensuring easy access to affordable AI-based tools and infrastructure.
- The insights generated from the study can **appraise the development or improvement of national initiatives**, ensuring that AI adoption among MSMEs fosters inclusive alignment with India's broader goals of digital empowerment and economic self-reliance to fulfil the mission of Viksit Bharat @2027.

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