



Making Digital Advertising Work for MSMEs: Evidence, Measurement Gaps and Policy Pathways

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Executive Summary

Digital advertising offers a promising value proposition for Micro, Small and Medium Enterprises (MSMEs), equipping them with the tools to: (1) improve brand discoverability; (2) understand consumer behaviour; (3) retain flexibility in allocating budget or goals for advertising campaigns; and (4) overcome geographic limitations and access global markets.

For businesses that often operate on tight and unpredictable budgets, accurately estimating Return on Investment (ROI) on any digital advertising decision is critical. Any challenges in the ability of MSMEs to access performance metrics of their digital advertising campaigns will limit their ability to secure tangible returns in the form of revenue growth and customer acquisition.

Existing literature on digital advertising among MSMEs primarily focuses on understanding preferences and perceived barriers. However, there are limited empirical studies focusing on factors that influence MSME's choice of specific digital advertising tools and their ability to understand ad performance metrics generated by these tools. To bridge this gap, this survey of 300 MSMEs represents an important step towards understanding if there are any constraints that limit their ability to optimise digital advertising decisions.

Key findings in the survey reveal that only 7 percent of firms use three or more advertising modes. This shows that most MSMEs do not actively diversify across multiple advertising channels, limiting their ability to effectively benchmark and optimise their advertising campaigns. Even among MSMEs that use multiple advertising modes, medium-sized enterprises account for 47.62 percent. This indicates that deeper diversification across advertising modes is disproportionately driven by relatively larger MSMEs that likely have more resources at their disposal.

90 percent of surveyed MSMEs report that digital advertising has delivered positive outcomes. However, this headline improvement does not automatically mean that performance is being tracked with high confidence across firms. Only 43 percent say they can estimate whether target performance was attained extremely well, while 46 percent say they can do so only reasonably well. Less than half (46 percent) of respondents report full visibility over where their ads appear, while 51 percent report only some visibility. Therefore, even where outcomes are positive, full visibility is not universal, ultimately limiting independent verification.

There is also limited adoption of automated buying modes amongst the surveyed MSMEs, with 38 percent of respondents citing issues of lack of transparency in performance metrics as the key barrier to adoption. One in four respondents said programmatic advertising (tools that automate the buying and placement of digital advertisements across websites and applications) is too complicated to manage. The nature of barriers to programmatic adoption also varies by firm size. Smaller firms face capability-related hurdles, whereas larger MSMEs are more focused on clarity and accountability in programmatic spend.

While MSMEs place high value on measurement, their reported practices suggest that advertising performance data is not always used consistently or in a way that supports efficiency and better returns. We find that MSMEs place a high value on performance measurement for future planning, with 56 percent of respondents saying that understanding current and past ad performance is extremely important, and another 32 percent say it is very important. Despite the high importance placed on measurement, the way

performance data is used varies, with less than half (48 percent) of respondents reporting that they receive detailed performance data and actively use it. **This shows a clear gap between intent and practice - most MSMEs say measurement matters, but fewer than half use performance data actively and consistently.**

Performance data also often arrives with a delay. Only a small share of MSMEs, less than a third (32 percent), receive performance data in real-time. The rest receive it with a lag: 44 percent receive it intermittently (for example, weekly, monthly, or annually), while one in four respondents receive it only at the end of a campaign. This indicates that for a large share of MSMEs, performance data is more useful for post-campaign review than for mid-campaign adjustment. When data arrives late or intermittently, it becomes harder to use measurement for mid-course corrections, even if firms want to.

If advertisers cannot independently measure the effectiveness of their expenditure accurately, this could contribute to significant misallocation of expenditure between different advertising media. Such results would ultimately undermine trust and confidence in digital advertising. MSMEs could also be over-paying for the advertising inventory supplied by those platforms and mis-allocating their advertising expenditure relative to other sources of supply.

Recognising the value of independent performance metrics verification for MSMEs, the survey concludes with the following recommendations:

1. Introduce a legal obligation under an appropriate statute to allow for independent audience measurement, giving advertisers and publishers the right to independently verify ad performance metrics.
2. Adopt a codified approach to allow independent audience measurement tools to allow neutral, unbiased analysis of ad performance for governments and small businesses.
3. Promote government schemes as an enabler for the adoption of digital advertising.
4. Support development of centres of excellence to help enable MSMEs adopt digital advertising.
5. Bridge the knowledge gap by encouraging multi-stakeholder tie-ups between government bodies, centres of excellence and advertising technology services, to spread awareness of available advertising technologies and provide training on understanding and leveraging digital advertising.

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Chapter 1: Introduction

Micro, Small and Medium Enterprises (MSMEs) are a key pillar of the Indian economy, contributing significantly to GDP, employment, and exports. MSMEs account for over 30 percent of the Gross Value Added (GVA) in national GDP¹, while their products contribute 48.55 percent of India's total exports.²

As India accelerates digitalisation across sectors, MSMEs are integrating digital tools into their business operations. Evidence suggests that this transition has delivered tangible benefits. For instance, an annual survey of MSMEs found that enterprises that integrated with e-commerce platforms outperformed those that did not, with nearly 90 percent reporting growth in sales and profits in 2025.³

Beyond improved sales outcomes, digital integration has also expanded MSMEs' access to credit, enhanced export potential, and widened their customer base. Government-led initiatives such as the Open Network for Digital Commerce (ONDC)⁴ and the Government e-Marketplace (GeM) further reinforces the role of digital ecosystems in shaping MSMEs' growth trajectories.⁵

A. Value Proposition of Digital Advertising for MSMEs

Alongside the adoption of online marketplaces, MSMEs have increasingly turned to digital advertising to reach consumers. Digital advertising has emerged as the dominant mode of advertising in India, growing by 17 percent in 2024 to reach ₹70000 crore (\$7.7 billion) and accounting for over 55 percent of total advertising revenue.⁶

The digital advertising sector is projected to grow at a compounded annual rate of 23.49 percent, reaching approximately ₹62,458 crore (\$6.9 billion) by the end of 2025.⁷ This growth is driven by search and social media advertising, followed by e-commerce advertising.⁸

Digital advertisements offer several advantages for MSMEs:

1. Help with brand discoverability and understanding customer behaviour

Digital advertising offers the promise of scalable outreach and access to performance metrics unavailable in traditional advertising. The mode equips MSMEs with the tools to improve brand discoverability and keep consumers engaged, allowing such enterprises to scale beyond local markets. Businesses, regardless of size, can promote their products and services. Even amid the global pandemic, businesses were able to sustain themselves by moving online and reaching customers through digital ads. Digital advertisements enable MSMEs to track consumer behaviour through various metrics, enabling them to customise and reorient their advertising strategies constantly.

2. Allow for flexible budgets and campaign goals

Digital advertising offers MSMEs flexibility in allocating budget and targeting campaigns to reach the right demographic. Businesses can choose how much to spend, adjust campaigns based on performance, and target specific customer segments. Many advertising tools include built-in analytics intended to help advertisers refine messaging, improve campaign performance, and optimise resource allocation.

The ability to respond quickly to market conditions is another advantage. MSMEs can promote seasonal products, test new offerings, or pause campaigns in response to demand fluctuations.

Optimising advertising during festive seasons to maximise revenue

India's festive season, particularly periods such as Diwali, is characterised by a sharp increase in consumer activity across digital platforms. During the 2025 festive season, online order volumes increased by approximately 24 percent, reflecting heightened purchasing intent during a relatively short time window.⁹

For MSMEs, such periods present significant revenue opportunities, but only if advertising efforts align closely with consumer intent and timing. Evidence suggests that digital advertising can meaningfully influence purchasing behaviour during these high-demand periods.¹⁰ One study found that nearly half of the online shoppers reported that digital advertisements played a role in shaping their buying decisions.¹¹

However, festive advertising also entails greater competition and short decision timelines. For resource-constrained MSMEs, the ability to deploy targeted advertising efficiently and assess its effectiveness becomes particularly critical during these periods, when advertising spend carries heightened financial risk.

3. Help local businesses access global markets

For businesses located in smaller towns or rural areas, digital advertising helps overcome geographic limitations by enabling access to national and global markets. Compared to traditional advertising, digital channels offer broader reach at relatively lower entry costs.

Digital advertising also emphasises creativity and relevance over scale alone. It allows smaller enterprises to compete alongside larger firms in online spaces where audience attention is shaped by content quality and contextual relevance rather than advertising budgets.¹² In this sense, digital advertising supports inclusion by lowering barriers to market access for new and resource-constrained entrepreneurs.

B. Why digital advertising tools alone are not enough to maximise impact

In 2024, MSMEs spent approximately ₹25800 crore (\$2.86 billion) on digital advertising¹³, up from ₹20000 crore (\$2.2 billion) in 2023.¹⁴ MSMEs' share of digital advertising spends increased from around 35 percent in 2020 to 37 percent in 2024 and is expected to reach 40 - 42 percent by 2029.¹⁵ Despite rising adoption, MSMEs' spending on digital advertising reflects both greater participation and increased exposure to a range of challenges.

MSMEs' ability to fully realise the benefits of digital advertising depends on more than just *access* to digital advertising tools. MSMEs often operate under constraints such as limited digital literacy, insufficient human resources, and tight or unpredictable budgets.¹⁶ These challenges may not allow for the most efficient use of these tools; for instance, if a business owner does not have the resources or capacity to focus on advertising performance, such data that the tool provides may go uninterpreted. The business will consequently not adjust its advertising goals, risking potential revenue. Similarly, if businesses do not understand which platform their advertising performs best on, they might invest in one that offers no reach.

Advertising decisions carry significant financial risk, particularly when the relationship between expenditure, performance metrics and revenue impact is not clearly understood. Even when professional marketers

manage digital advertisements, the technology behind these tools leads to inefficiencies. For instance, the Association of National Advertisers (ANA) found that wasted or inefficient programmatic advertising spend globally amounted to \$26.8 billion (₹241000 crore) in the second quarter of 2025.¹⁷ Similarly, a study of digital video advertising in India estimated a potential loss of \$1.45 billion (₹13050 crore) in 2025 due to misalignment of factors such as audience intent or campaign objectives.¹⁸ These dynamics suggest that while digital advertising has become integral to MSME growth strategies, many businesses continue to struggle to navigate complex performance data and determine which tools, channels, or metrics are most relevant to their objectives. From the first rupee invested, MSMEs require reliable indicators that advertising efforts are generating tangible returns, particularly in terms of revenue growth and customer acquisition.

C. Aim of the study

Research on MSMEs and digital advertising has primarily focused on understanding the kinds of digital advertisements such businesses prefer and the barriers they face in accessing related tools.¹⁹ However, research has paid limited attention to other aspects, such as: (a) factors that influence MSMEs' choice of specific digital advertising tools, (b) the challenges they encounter while using these tools, and (c) the extent to which they rely on and understand the performance metrics generated by their campaigns. In this context, there is a need for a comprehensive examination of MSMEs' perspectives on digital advertising, focusing not only on *adoption* but also on the factors influencing decision-making when choosing advertising tools. Additionally, there is a need to understand how MSMEs receive performance data and insights, and, finally, the perceived effectiveness of advertising tools.

To further this objective, the Federation of Indian Micro and Small & Medium Enterprises (FISME) organised a workshop on "Maximising Returns from Digital Advertising" in July 2025, engaging over 100 MSMEs across Business-to-Business (B2B) and Business-to-Customer (B2C) segments. The workshop served as an initial step in understanding how MSMEs approach digital advertising and the obstacles they face in optimising their advertising investments.

Building on these discussions, this study draws on a survey of 300 MSMEs to understand:

1. the digital advertising tools they rely on and why;
2. the metrics they use to assess campaign performance;
3. and the extent to which these metrics inform business decisions and revenue outcomes.

The second chapter will provide a brief primer on digital advertising tools and an overview of their benefits and challenges for MSMEs. The third chapter will examine the survey findings and conclude with chapter four, which consists of actionable recommendations.

Chapter 2: Primer on Digital Advertising

This chapter outlines the digital advertising ecosystem in which MSMEs operate, covering key advertising types, performance metrics and the mechanisms for placing advertisements. While digital advertising offers MSMEs unprecedented opportunities, it also presents a fragmented and technically complex environment.

A. What is digital advertising?

'Digital advertising' is an umbrella term to refer to advertisements that are placed on online channels such as search engines, websites, apps and streaming services to promote products to reach intended customers.²⁰ While there are several kinds of digital advertising that businesses can adopt, broadly, there are three kinds of digital advertisements:

Display advertising

Uses visual ads placed on websites, mobile applications, and digital platforms. These ads may appear as banners, images, videos, audio, or interactive formats

Search advertising

Ads that appear on search engine result pages. These are mostly text/image ads that appear above or beside search results.

Social Media Advertising

Social media advertising refers to the use of social media networks to promote products, services, or brands to a targeted audience. Social media advertising is a type of display advertising, but restricted to social media platforms.

B. Multiple channels, multiple metrics for assessing performance

Digital advertising operates across multiple channels, each with distinct formats, audiences, and functionalities. Advertisers assess campaign performance using a range of indicators commonly referred to as 'metrics'. Metrics such as impressions, clicks, and conversions enable advertisers to monitor outcomes, though their availability and interpretation vary across channels, platforms, and the technologies used to deliver advertisements. Businesses need to track relevant metrics aligned with their ad campaign objectives. The box below describes some standard metrics.

Metric	Function	Relevance for Businesses
Impression	Indicates how often an ad is shown	Understand how visible their ad campaign and brand visibility is among potential customers

Metric	Function	Relevance for Businesses
Clickthrough rate (CTR)	Measures the percentage of ad viewers who click on an ad compared to the total number of ad impressions	High CTR may indicate that the ad is engaging and highly relevant
Conversion rates	Measures the proportion of users who take a desired action after interacting with an ad (such as making a purchase)	Helps assess whether the ad is prompting users to purchase products/services
Return on Ad Spend (ROAS)	Assesses the revenue generated relative to advertising expenditure	Businesses can track which ad campaigns are working by comparing how much revenue it generated in comparison to advertising expenditure
Clicks	The number of times your ad is clicked	Gauge user engagement and interest
Average position	Where your ad appears on a search page	Can be optimised to ensure that ads appear on the top of search results page to increase visibility and engagement

C. Modes of Digital Advertising

This report focuses on the four primary modes advertisers use to purchase advertising inventory from publishers. While digital advertisements may appear similar to end users, the underlying pathways through which MSMEs access advertising inventory differ significantly in terms of factors such as: (a) cost; (b) control; (c) transparency; and (d) availability of performance data.

For clarity, the survey categorised MSME advertising modes into the following:

- 1. Programmatic advertising tools**, such as TradeDesk and DV360, automate the buying and placement of digital advertisements across websites and applications through real-time auctions.
- 2. Platform-based digital advertising tools**, such as Amazon Ads, Facebook Ads, and similar services, where advertisers purchase advertising inventory directly through platform-controlled interfaces, often using pay-per-click or similar pricing models.
- 3. Agency-mediated advertising arrangements**, where MSMEs rely on third-party agencies to plan, purchase, and manage digital advertising campaigns on their behalf.
- 4. Directly negotiated advertising arrangements with publishers**, where advertisers enter into agreements with website or app publishers for the placement of advertisements.

These pathways are not mutually exclusive, and MSMEs may use multiple methods simultaneously depending on their objectives and available resources. Each pathway differs significantly in how it operates, directly affecting an MSME's ability to understand and optimise advertising outcomes. For instance, when compared to agency-mediated or directly negotiated arrangements, programmatic advertising transactions are entirely automated through technologies such as 'real time bidding' (RTB).²¹ RTB is an online, real-time auction process that uses automated technologies to determine which advertisement is shown to a viewer within a fraction of a second. Through this process, advertisers place bids for ad space on a publisher's webpage, and the highest bid wins the auction, resulting in the ad being displayed to the user.²²

While RTB promises greater efficiency and more nuanced audience targeting than other methods, advertisers may not always know where their ads appear, or they may appear on websites where the business would prefer not to advertise. Additionally, in comparison to direct deals, research shows that programmatic advertising offers less clarity and transparency around the price of the ads and the fees related to the advertising process.²³ In comparison, direct or agency deals may give businesses more leeway to negotiate pricing and fees, and to customise the websites/apps where they want their ads to appear.

Platform-based digital advertising tools (often referred to as "walled gardens") offer advantages such as highly targeted campaigns and higher user engagement, as advertisements are delivered within platforms where users are already engaged in specific activities or purchasing journeys – increasing trust. However, businesses may not be able to target users outside the platform and might not receive granular data from such platforms, which may affect the comparison of ads across different platforms.²⁴ Therefore, choosing the optimal advertising mechanism is a complex task that requires MSMEs to consider a wide range of factors such as: (1) budget for an advertising campaign; (2) level of personalisation an advertising mode offers; (3) ability to reach intended audience/customer; (3) transparency in ad performance metrics; and (4) overall efficiency of the advertising mode to optimise ROI.

Chapter 3: Survey of MSMEs

Chapter 2 introduced the varying crucial considerations that influence an MSME’s choice of advertising mode. Building on this foundation, this chapter analyses the survey data to allow a comprehensive examination of MSMEs’ engagement with varying modes of digital advertising, including insights on the challenges they encounter in measuring and ultimately optimising their advertising campaigns.

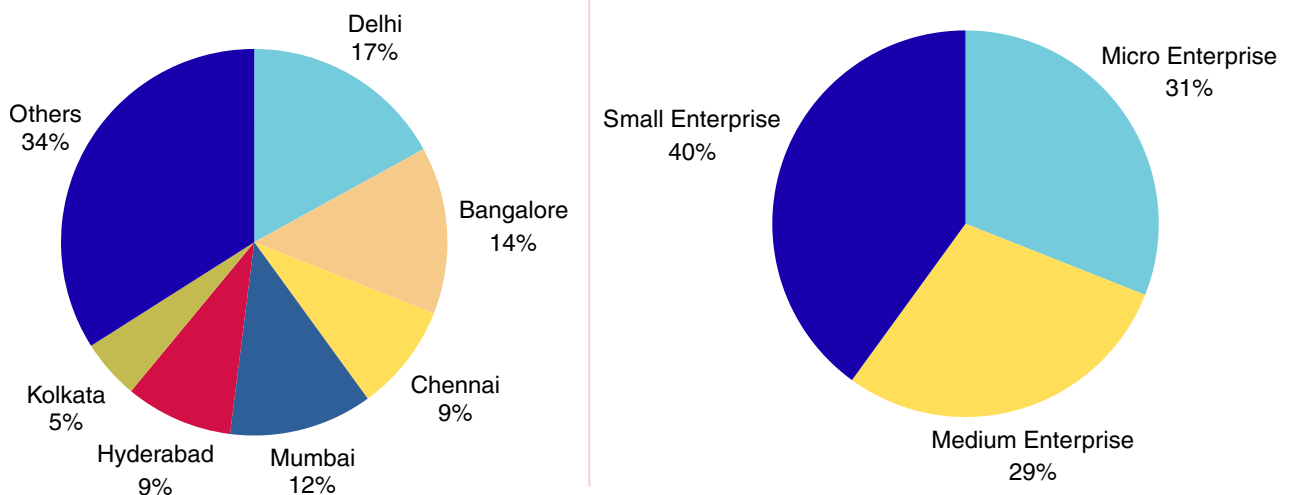
This chapter draws on a primary survey of around 300 Indian MSMEs that actively use digital advertising. The survey was designed to understand how MSMEs advertise online, which advertising modes they prefer, and how they access, interpret, and use advertising performance data for business decision-making. The chapter begins by outlining the characteristics of the surveyed sample, before moving to a detailed assessment of advertising practices and measurement-related constraints.

A. Sample Characteristics

The survey covers a total of 303 MSMEs that actively use digital advertising with comprehensive representation across firm scale, geography, business models, and industry groups. Small enterprises form the largest share of respondents (40 percent), followed by micro enterprises (31 percent) and medium enterprises (29 percent). This distribution ensures representation across the spectrum, from smaller firms with limited resources to relatively larger MSMEs.

Geographically, respondents are spread across major metropolitan centres as well as other cities and towns. Delhi (17 percent) and Bangalore (14 percent) account for the largest individual city shares, followed by Mumbai (12 percent), Chennai (9 percent), Hyderabad (9 percent), and Kolkata (5 percent). Firms located in other cities together account for 34 percent of the sample, indicating broad geographic coverage beyond the largest metros.

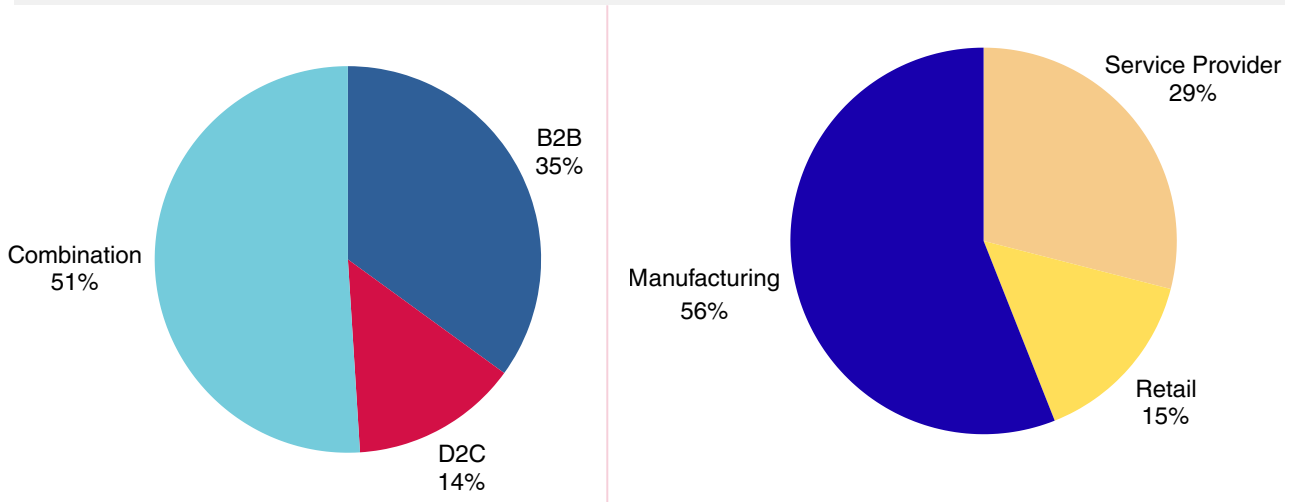
Figure 1: Distribution of respondents by firm size and city



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

In terms of business model, a majority of surveyed firms operate under a combination of B2B and D2C models (51 percent). Firms operating purely in B2B account for 35 percent, while D2C-only firms account for 14 percent. Additionally, the surveyed firms span multiple industry groups. Manufacturing firms form the largest segment (56 percent), followed by service providers (29 percent) and retail firms (15 percent).

Figure 2: Distribution of respondents by business model and industry group



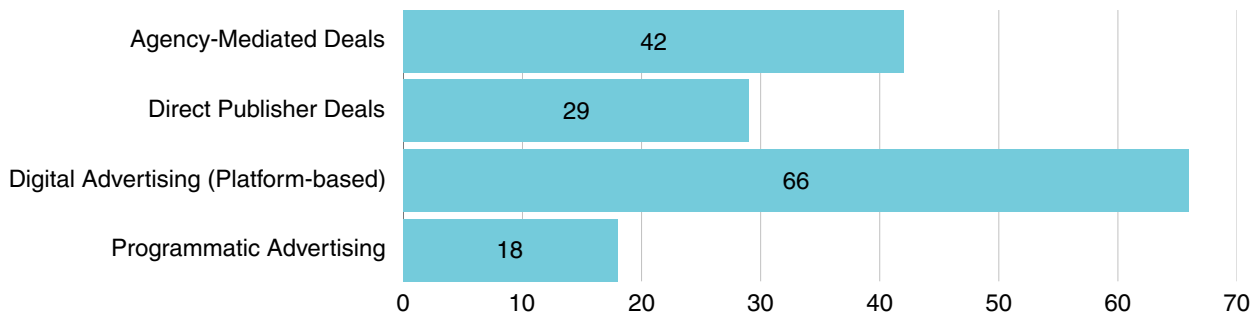
Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

Within each firm, the survey targeted individuals with direct responsibility for digital advertising decisions or execution. A substantial share of respondents are founders, co-founders, owners, proprietors, or partners (32 percent), followed by directors, managing directors, or CEOs (12.9 percent). Another 17.2 percent are senior managers or department heads, while around eleven percent are heads of marketing or digital marketing. The remaining respondents are senior functional leaders in areas such as operations, customer experience, or business development, all with direct involvement in digital advertising.

B. Lack of Diversification in Advertising Channels

A lack of diversification in advertising channels limits the ability of MSMEs to benchmark and optimise their advertising campaigns effectively. Most surveyed MSMEs rely on a narrow set of digital advertising channels, with limited diversification across advertising modes. As the survey shows, 66 percent of MSMEs rely on platform-based advertising through large online platforms such as Facebook Ads and Amazon Ads, making it the most widely used mode. Other modes are used by smaller shares of firms. For instance, 42 percent MSMEs use agency-based advertising whereas 29 percent advertise via direct publisher deals. Only 18 percent use programmatic advertising (Figure 3).

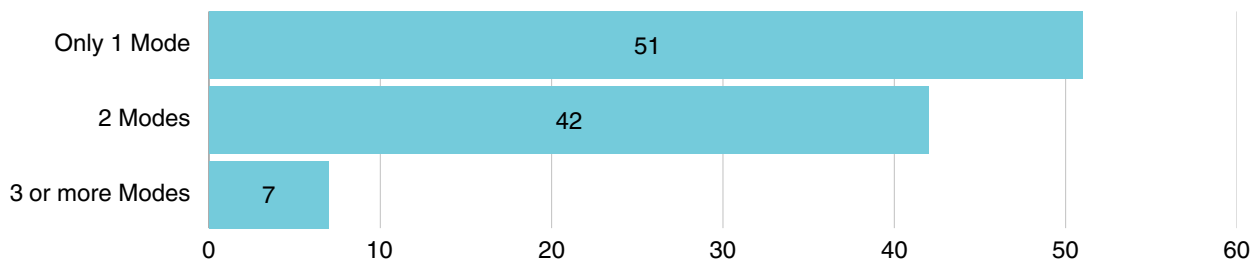
Figure 3: Which of the following modes do you use to run digital advertisement campaigns?



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025. This was a multi-select question; respondents could choose more than one option, so percentages do not sum to 100 percent.

Just over half of respondents (51 percent) rely on only one advertising mode, while 42 percent use two modes. Only 7 percent of firms use three or more advertising modes, indicating that most MSMEs do not actively diversify across multiple advertising channels (Figure 4).

Figure 4: Distribution of MSMEs by number of digital advertising modes used



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

This limited diversification matters because advertising campaigns have the characteristics of “experience goods.”²⁵ Firms can judge campaign quality only once ads have actually been delivered to audiences. If an MSME is using only one mode, it has a very limited ability to compare results against alternatives. For example, a firm running only platform-based ads cannot easily check whether a similar budget would have performed better through programmatic buying or a direct publisher deal.

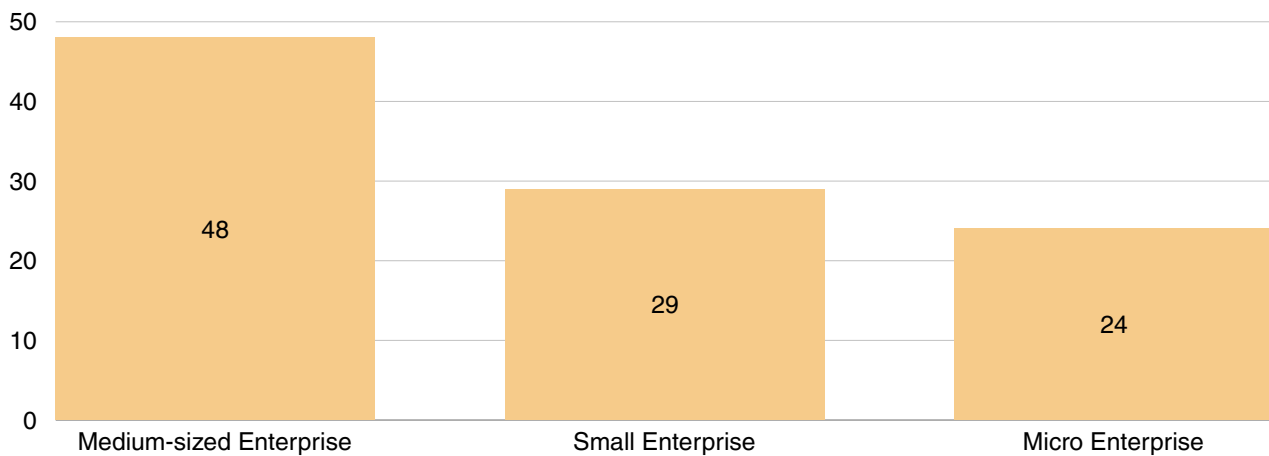
Even when firms receive performance reports, they may still end up relying heavily on what the platform itself shows them. This reduces independent verification and can affect how confidently MSMEs can judge the quality of the advertising they are buying.

Even among MSMEs that use multiple advertising modes, true cross-channel verification is rare. Only 7 percent of firms use three or more modes, which is the segment most likely to be in a position to compare performance across different buying routes and assess relative value. In practice, this also means that the ability to test multiple modes is concentrated among a small set of better-resourced firms.

For instance, among MSMEs using three or more advertising modes, medium-sized enterprises account for 47.62 percent, compared to 28.57 percent small enterprises and 23.81 percent micro enterprises (Figure 5).

This indicates that deeper diversification across advertising modes is disproportionately driven by relatively larger MSMEs that likely have more resources at their disposal.

Figure 5: Firm size breakdown among MSMEs using three or more advertising modes



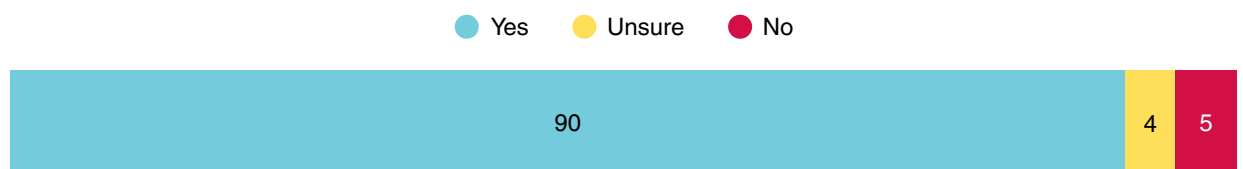
Notes: 303 MSMEs participated in the survey, which was conducted in December 2025. Of these, 7 percent (21 MSMEs) use 3 or more advertising modes.

As a result, only a small share of MSMEs are in a position to benchmark performance across channels or independently validate the results they receive. For the majority that rely on one mode, meaningful comparison is largely out of reach, and performance assessment becomes dependent on the reporting provided within that single channel.

C. High confidence in the value of digital advertising, but limited visibility for verification

Performance tracking is essential for MSMEs to understand which advertising investments deliver returns and where to allocate limited marketing budgets. Most MSMEs report that digital advertising has delivered positive outcomes. As shown in Figure 6, 90 percent of respondents say digital advertising has increased their revenue or sales, while six percent say it has not, and four percent are unsure.

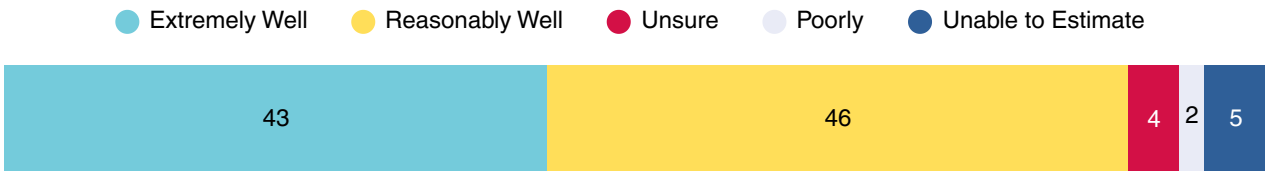
Figure 6: Has digital advertising successfully boosted your revenue/sales?



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

However, this headline improvement does not automatically mean that performance is being tracked with high confidence across firms. In Figure 7, less than half of respondents (43 percent) say they can estimate whether target performance was reached extremely well, while 46 percent say they can do so only reasonably well.

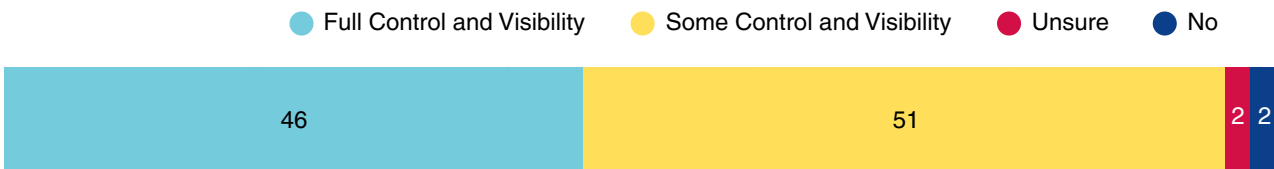
Figure 7: How well are you able to estimate if your target performance was reached according to your advertising goals?



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

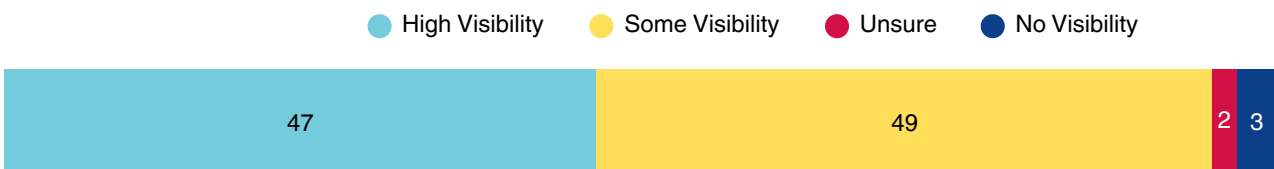
This becomes clearer when the survey asks about visibility over key metrics that are important for verification. Less than half (46 percent) of respondents report full visibility over where their ads appear, while 51 percent report only some visibility (Figure 8). Similarly, only 47 percent report high visibility into how much of their ad spend reaches publishers versus intermediaries, while 49 percent report only some visibility (Figure 9). In other words, even where outcomes are positive, full visibility is not universal, which limits independent verification.

Figure 8: Do you have full visibility over where all your ad campaigns appear (e.g., your preferred websites, apps, content categories)?



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

Figure 9: Do you have full visibility on how much of your ad spend reaches the publisher of your ad vs. the ad intermediaries (adtech platforms or ad agencies)?



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

Accurate ROI measurement depends on verifying ad performance metrics, which makes this gap critical. If MSMEs cannot verify key delivery details, it becomes harder to judge whether the ad spend is actually efficient and whether the campaign is delivering value-for-money. Visibility over placements is especially important. Without it, MSMEs cannot confidently check whether their ads are being shown in the intended contexts and driving users to the intended landing pages.

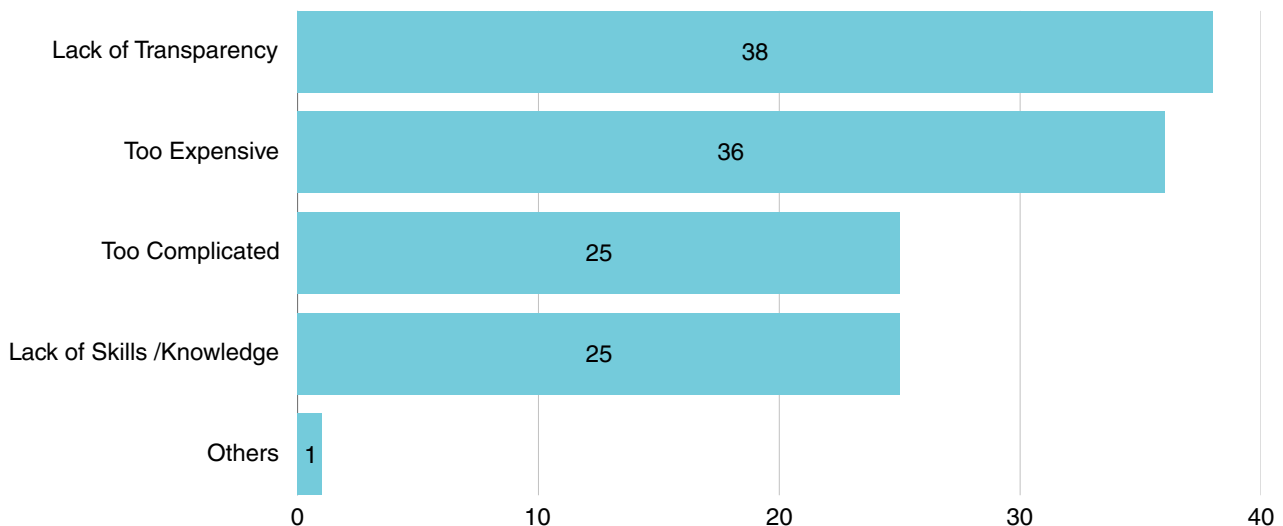
More importantly, verification is not only a post-campaign issue. It directly affects what MSMEs can do during a campaign. Real-time performance data is critical for in-campaign optimisation as modern digital advertising systems are designed for real-time optimisation, where bids and delivery decisions can be adjusted continuously to meet performance objectives under budget constraints.²⁶

At the same time, research on online advertising effectiveness shows that when measurement and attribution are weak, MSMEs may shift budgets based on the wrong signals, which can waste spend and reduce returns.²⁷ Industry evidence shows that verification tools can materially improve returns - a Forrester Total Economic Impact study on Oracle Moat Analytics reported a 287 percent return on investment (ROI) from using ad verification and analytics capabilities.²⁸

Automated buying leverages algorithms to optimise ad delivery and cost. However, among MSMEs that have not adopted an automated buying mode such as programmatic advertising, the survey highlights clear barriers (Figure 10).

The most frequently cited issue is the lack of transparency, mentioned by 38 percent of respondents. Cost is almost as significant, with 36 percent pointing to high minimum budgets or the perception that programmatic is too expensive. Operational barriers also weigh heavily: one in four respondents said programmatic is too complicated to manage, and an equal share highlighted gaps in skills or knowledge. Only one percent pointed to other reasons. Taken together, these responses show that non-adoption is not driven by a single obstacle but by a mix of financial, operational, and capability constraints.

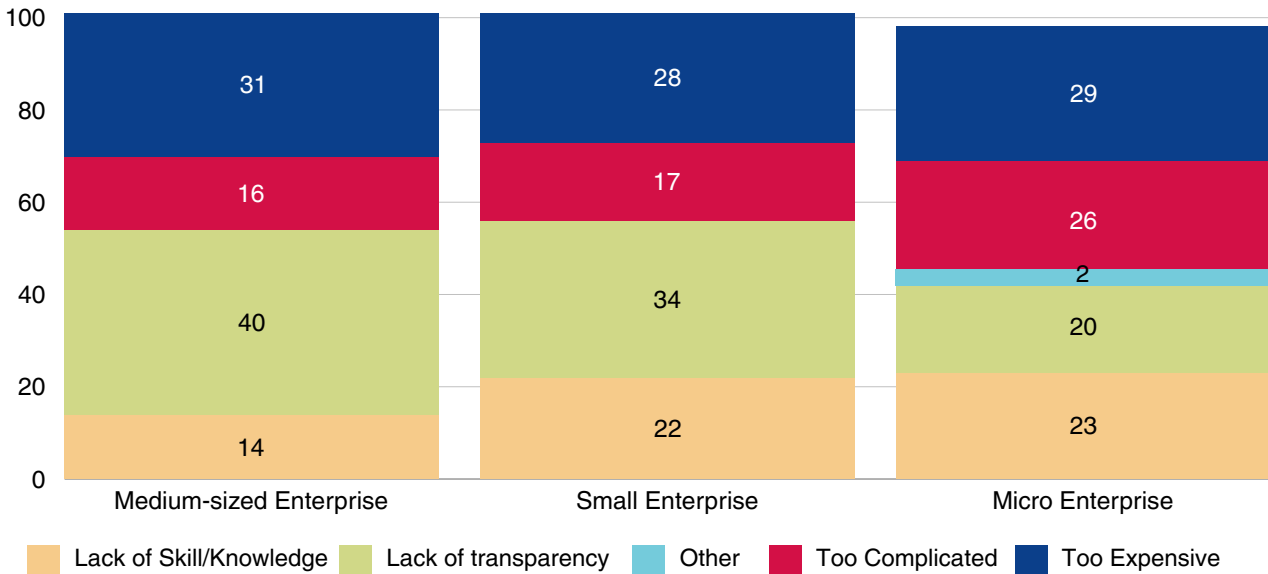
Figure 10: Key barriers to programmatic advertising adoption among MSMEs



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025. This question was asked only to MSMEs that do not use programmatic advertising (n = 247). This was a multi-select question; respondents could choose more than one option, so percentages do not sum to 100 percent.

The nature of barriers to programmatic adoption also varies systematically by firm size. Among micro enterprises, skills, complexity, and cost-related constraints feature prominently, suggesting operational and capability-related concerns. For small enterprises, transparency emerges as the most cited barrier, alongside cost considerations. Among medium-sized enterprises, concerns are more concentrated around transparency and cost, while skills and complexity are cited less frequently. This indicates that while smaller firms face capability-related hurdles, larger MSMEs are more focused on clarity and accountability in programmatic spend (Figure 11).

Figure 11: Reasons cited for not using programmatic advertising, by firm size



MSMEs participated in the survey, which was conducted in December 2025. This question was asked only to MSMEs that do not use programmatic advertising (n = 247).

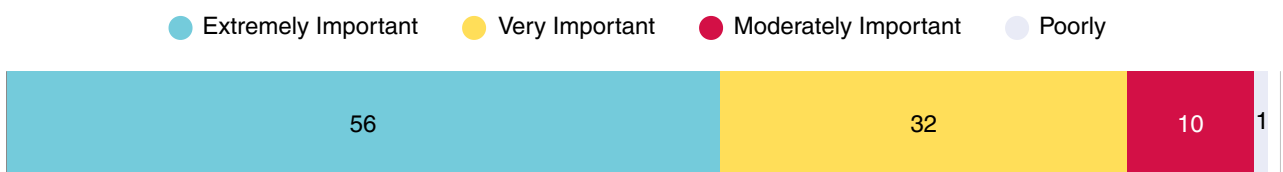
Taken together, the results indicate that confidence in digital advertising does not automatically translate into efficiency unless MSMEs can verify key performance metrics and placements. Improving access to measurement and verification tools will be important to build trust in programmatic advertising and support better budget allocation.

D. High value on measurement, but limited and inconsistent use

While MSMEs place high value on measurement, their reported practices suggest that performance data is not always used consistently or in a way that supports efficiency and better returns.

We see that MSMEs place a high value on performance measurement for future planning (Figure 12). 56 percent of respondents say that understanding current and past ad performance is extremely important, and another 32 percent say it is very important. Only 10 percent rate it as moderately important, and one percent say it is not important. In other words, performance measurement is not a niche requirement. It is a mainstream expectation among MSMEs using digital advertising.

Figure 12: How important is understanding current and past ad performance for future planning?

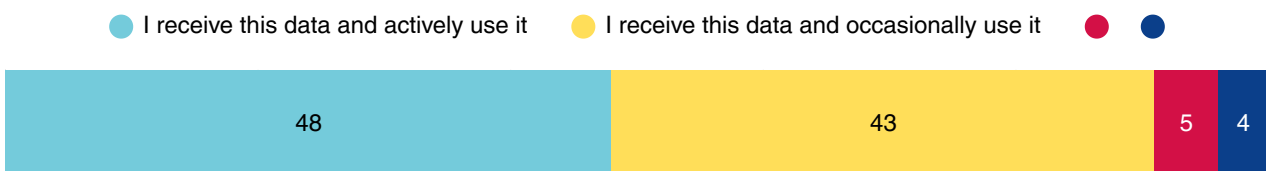


Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

Despite the high importance placed on measurement, the way performance data is used varies (Figure 13). Less than half (48 percent) of respondents report that they receive detailed performance data and actively use it. Another 43 percent say they receive the data but use it only occasionally. A smaller share reports limited engagement with performance data: five percent receive the data but do not use it, and four percent say they do not receive it at all.

This shows a clear gap between intent and practice - most MSMEs say measurement matters, but fewer than half use performance data actively and consistently.

Figure 13: Do you receive detailed data on how your ad performed which helps you run your own audits on the ad's performance?

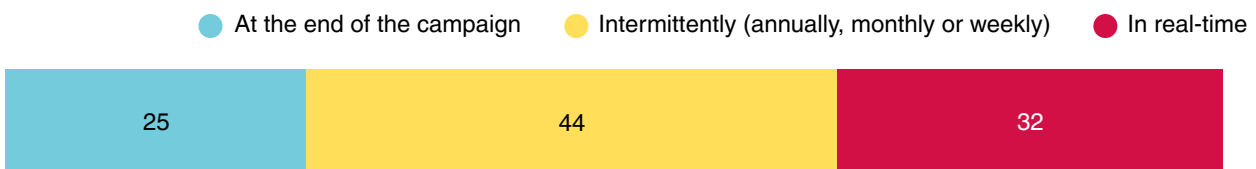


Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

Additionally, performance data often arrives with a delay (Figure 14). Only a small share of MSMEs, less than a third (32 percent), receive performance data in real time. The rest receive it with a lag: 44 percent receive it intermittently (for example weekly, monthly, or annually), while one in four respondents receive it only at the end of a campaign.

This indicates that for a large share of MSMEs, performance data is more useful for post-campaign review than for mid-campaign adjustment. When data arrives late or intermittently, it becomes harder to use measurement for mid-course corrections, even if firms want to.

Figure 14: How often do you receive ad performance data, including reach and audience breakdown?



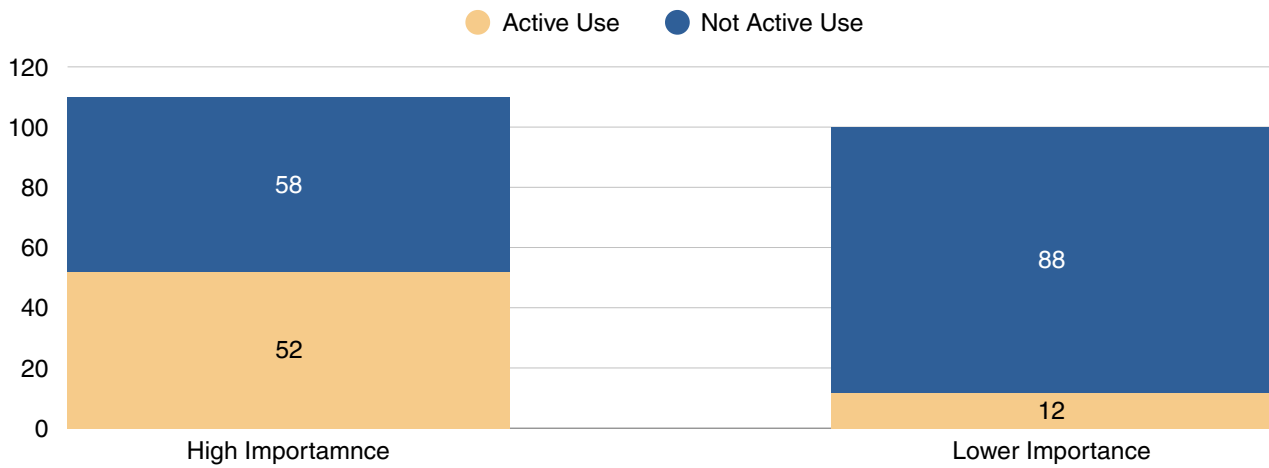
Notes: 303 MSMEs participated in the survey, which was conducted in December 2025.

To further understand whether active use of performance data is simply driven by stated importance, we break down performance data use by how important MSMEs say measurement is for future planning.

Among MSMEs that place high importance on performance measurement, active use is almost evenly split: 52 percent actively use performance data, while 48 percent do not use it actively (Figure 15).

This shows that measurement intent is widespread, but measurement practice is inconsistent. Even among MSMEs that strongly value performance measurement, nearly half do not use performance data actively. This suggests that performance data may not be equally actionable for all firms in its current form.

Figure 15: Importance of measurement vs active use of performance data

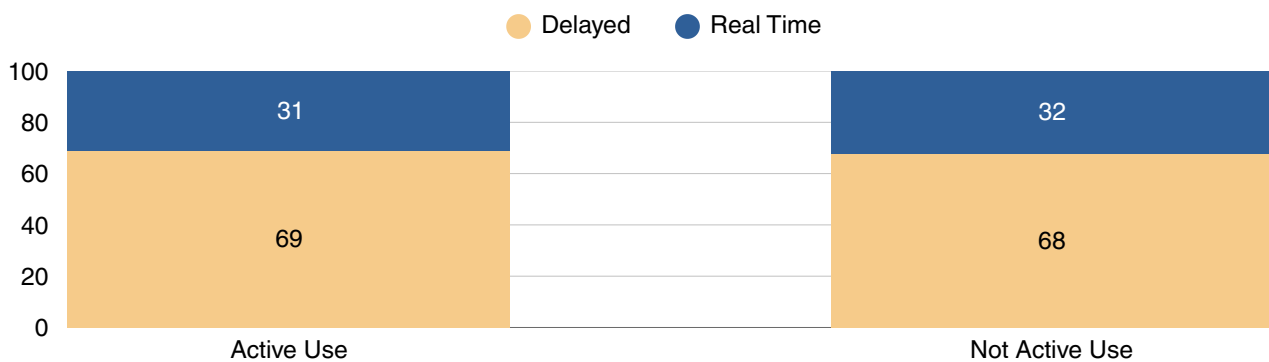


Notes: 303 MSMEs participated in the survey, which was conducted in December 2025. High importance includes respondents who said performance measurement is extremely important or very important. Lower importance includes respondents who said it is moderately important or not important. Active use refers to respondents who said they receive performance data and actively use it. Not active use includes respondents who said they use it occasionally, do not use it, or do not receive it.

Next, we compare when MSMEs receive performance reports across two groups: those that actively use performance data, and those that do not use it actively.

Among MSMEs that actively use performance data, 31 percent receive data in real time. Among those that do not actively use performance data, 32 percent receive it in real time (Figure 16).

Figure 16: Timing of performance data by active vs non-active users



Notes: 303 MSMEs participated in the survey, which was conducted in December 2025. Active use refers to respondents who said they receive performance data and actively use it. Not active use includes respondents who said they use it occasionally, do not use it, or do not receive it. Real-time refers to respondents who receive performance data in real time. Delayed includes those who receive it intermittently or only at the end of a campaign.

This shows that even when real-time reporting is available, it does not necessarily translate into consistent, active use. This points to the importance of whether performance data is clear, decision-relevant, and easy to act on, not just whether it is available in real time.

Chapter 4: Policy Recommendations

Despite the high self-reported understanding of digital advertising, MSMEs reported low confidence in measuring the target performance of advertising campaigns. MSMEs also reported limited visibility over key metrics that are essential to measure the success of an ad campaign, including metrics on where their ads appear and how their advertising spend is allocated. Assessing the quality and impact of a digital advertising campaign means advertisers (or their agencies) can verify, attribute, or independently measure user-level metrics. If advertisers cannot measure the effectiveness of their expenditure accurately, this could contribute to significant misallocation of expenditure between different advertising media.²⁹ Such results would ultimately undermine trust and confidence in digital advertising.

Our survey indicates that resource-strapped micro enterprises overwhelmingly rely on a single mode of advertising, limiting their ability to independently benchmark metrics they receive from such modes against others. Advertisers typically do not rely on just one measurement approach to evaluate campaign effectiveness and instead use varying metrics (including delivery of an advertising campaign) and recalibrate depending on the nature of the advertising campaign. If MSMEs are not able to independently assess the relative merits of advertising across different platforms and are forced to rely on a single measurement tool, then they could be over-paying for the advertising inventory supplied by those platforms and mis-allocating their advertising expenditure relative to other sources of supply.³⁰

I. Codify the obligation to allow for independent audience measurement of digital ad metrics

India does not have a law that gives advertisers and publishers the right to independently verify an advertising service provider's performance metrics. Verification is an important first step in measuring the quality and effectiveness of advertising.³¹ It also plays an important role in identifying and combating ad fraud, so that the ability to 'verify' advertising is important in promoting trust and confidence in digital advertising overall. Digital ad fraud is also growing at an alarming rate. One report estimates that 88% of digital advertising clicks are fake, which is a cause for concern when advertisers are paying per click.³²

Recognising the value of verification for advertisers and publishers, the EU introduced Article 6.8 under the Digital Markets Act. This provision gives advertisers and publishers the right to independently verify ad performance metrics received from large enterprises that have a substantial presence in a market, advertising products and services. A similar legal obligation can be envisioned in India, under an appropriate statute to allow for independent audience measurement.

Beyond the benefits digital advertising offers businesses, it also serves a public-interest function, allowing governments to educate citizens and cultivate trust in its functioning. According to the latest disclosures on government ad-spending, in 2023 alone, \$18.57 million (₹155.27 crore) was spent on electronic media ads and \$0.40 million (₹3.29 crore) on social media ads. The Ministry of Information and Broadcasting (MIB) also introduced a digital advertising policy in 2023 to help the Central Bureau of Communication (CBC) reach a wider audience by leveraging the increasing digital media consumption in the country. This indicates that the Government of India has recognised the growing importance of digital advertising in delivering public service messages.

How do Digital Ads help the Government?

The MIB's 2023 advertising policy recognised that vast amounts of probabilistic consumer behaviour data are now available for use by advertisers on digital platforms. This enables sharing of context-specific and user-specific communication with high precision and low ad expenditure leaks. Thus, enabling efficient utilisation of public money.

Digital advertisements allow effective delivery of ads amongst the country's youth who predominantly consume news, entertainment and connect with friends and family over the internet. Young citizens, hence, are more reachable through digital advertising.

Ministries/Departments of the Government of India have dedicated social media handles; however, reach is limited to subscribers of the handles. Hence, organic outreach over social media platforms has limitations, which Ministries can overcome through advertisements on internet platforms. Timely dissemination of government initiatives through digital modes allows better participation of citizens in policy consultations.

The government's use of digital advertising places it squarely within the same ecosystem in which MSMEs operate, making it equally vulnerable to the transparency failures reported by MSMEs. In fact, the Parliamentary Standing Committee on Finance (the Committee), in its 2022³³, also acknowledged the need for transparency in digital advertising. The Committee recommended that advertising platforms should provide advertisers with daily information on the price paid by the advertiser and the share received by the publisher on whose platform their advertisement is displayed. Additionally, the Committee recommended that advertising platforms enable advertisers to access performance-measuring tools and the data required to conduct independent verification of their advertisements' performance.

II. Support the use of independent audience measurement tools

Building on the first recommendation, a codified approach to audience measurement can provide benefits for the digital advertising industry, similar to how financial audits are essential to ensure transparency and accountability in financial reporting. To help realise this objective, independent audience measurement tools emerge as a solution for obtaining a neutral, unbiased analysis of ad performance for governments and small businesses. With an independent, transparent measurement system delivered by a neutral party, advertisers can protect themselves from the whims of an unpredictable environment.

What is independent audience measurement?

Independent, industry-agreed audience measurement is an advanced market transparency mechanism delivered by specialised organisations and specialist audience measurement focused research companies. This form of statistical measurement provides the market with benchmark data on the reach and visitation frequency of media platforms, websites, and apps, as well as offline media such as linear TV, radio, and press readership.

Crucially, statistical research establishes the size and general composition of audiences for a given market on a broad scale, encompassing age, gender, and geographical demographic data at a minimum. The results are published by independent measurement providers through reports of

aggregated data derived from both Internet users' data and panel data (users who consent to participate in a research sample).

Without independent audience research, the media ecosystem would be subjectively grading its own homework in silos with no consistent reliable underpinnings. As a result stakeholders will not have reliable insights into advertising deliverables and thus be unable to properly and efficiently transact business.

Independent audience measurement can ensure that audience measurement data is accurate and reliable, advertisers can get better ROI, and publishers can monetise their content more efficiently. Gathering end-user data is essential to produce accurate statistical audience measurement reports that adhere to the highest market research standards, particularly as media consumption increasingly shifts to digital platforms. To this end, independent statistical research, which hinges on tracking of online audiences, allows stakeholders to determine evolving media consumption patterns.

Independent statistical research has multifarious benefits. On a bilateral level, statistical data assures advertisers that any transaction with the publisher is fair and devoid of fraud. The verification from an independent party attests that what was paid for was actually provided by the publisher. Similarly, the publisher has a vested interest in understanding the type of audiences they draw to better identify broader audience consumption trends. Thus, independent statistical data sustains a symbiotic relationship between advertisers and publishers and helps identify media consumption trends amongst varying audiences.

Taking into consideration our first and second recommendations, the following foundational pillars can guide a codified approach that supports independent audience measurement in digital advertising:

- a Support fair competition assessments:* Audience measurement is a fair competition mechanism, it determines the fair distribution of revenue across the media and entertainment sector for activities such as corporate investment, mergers and acquisitions. It also helps public authorities to assess media concentration.
- b Determine accurate royalty payments:* Audience measurement helps determine precise amounts for royalty payments, collective rights management and other payments for news publishers and rights-holders.
- c Plan predicted reach against past performance:* Audience measurement helps to plan predicted reach against past performance and determine actual reach for compensation if needed to advertisers.
- d Monitor election media consumption:* Audience measurement enables monitoring of media consumption trends during elections.

These pillars will aid in codifying an independent audience measurement framework for India, one anchored on key principles of transparency and accountability.

III. Promote government schemes as an enabler for the adoption of digital advertising

The government has been supporting the growth of MSMEs in the country through several initiatives, such as the Prime Minister's Employment Generation Programme (PMEGP), which provides financial assistance to set up self-employment ventures, Credit Guarantee Scheme, PM Vishwakarma scheme to support artisans and craftspersons and so on.³⁴

Beyond support for setting up MSMEs, schemes also focus on skill development, innovation, procurement, and marketing support. However, only a few schemes include support for advertising, such as the PM Vishwakarma scheme, which envisages creating brands for artisans and promoting the brand through digital advertising and social media campaigns.³⁵ *As seen in the survey, MSMEs still require handholding when it comes to understanding various advertising tools, assessing how their advertisements are performing, and choosing what works best for their product.*

Therefore, schemes can be used to promote digital advertising among MSMEs by including specific components, such as training on digital advertising tools and tools for measuring reach, such as independent audience measurement tools, in schemes like the Entrepreneurship and Skill Development Programme (ESDP).

Explicitly outlining digital advertising and measurement as a scheme focus will not only raise awareness among MSMEs but also drive adoption of these tools. By extending the idea of branding and social media presence as a key facet in the Vishwakarma scheme to broader schemes, more MSMEs will be incentivised to focus on creating an online identity and voice for their products and services.

IV. Support the development of centres of excellence for MSMEs

PSUs such as the National Small Industries Corporation (NSIC) and industry bodies like FISME, CII, the Indian Industries Association, and the Indian SME Forum work with thousands of MSMEs across the country and are well-positioned to support MSMEs in adopting digital advertising. These organisations already stress the importance of digital advertising - the Indian SME forum has introduced an initiative to familiarise MSME businesses with using simple digital tools such as WhatsApp Business, manage Facebook and Instagram ads for improving their reach.³⁶ However, in the case of NSIC, schemes seem to be restricted to online marketing of products on the MSME Global Mart.³⁷ Therefore, there is scope for these centres to broaden the scope of their awareness activities and incorporate digital advertising tools, as well as conduct sessions on understanding metrics.

V. Bridging the knowledge gap through industry collaboration

Tie-ups between government bodies, centres of excellence and advertising technology platforms must be promoted. This can serve as a route for spreading awareness of available technologies and for providing training on how to use these tools and understand the associated metrics. Collaboration can also help create simplified, multilingual training materials and conduct local workshops that make these tools accessible to business owners outside major cities. Industry players can contribute by offering free trials, mentorship programs, and easy-to-use dashboards tailored for small enterprises. This shared approach would not only bridge the knowledge gap but also build long-term confidence among MSMEs to engage more meaningfully in the digital economy.

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