International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

The Strategic Role of Digital Marketing Expenditure in Enhancing Firm Financial Performance: The Case of Hindustan Unilever Limited

Prof.Pooja Kiran Kushare[1], Prof.Wrushali Mahesh Kadam[2]

[1]Assistant Professor, Management, Amity Global Business School
[2]Assistant Professor, Management, Ashoka Business School

Abstract

The marketing methods have been drastically altered by the digital economy's explosive expansion, leading businesses to devote a larger portion of their marketing budgets to digital platforms including social media, search engines, content marketing, and online advertising. Even though digital marketing is widely used, more empirical research is still needed to determine how directly it affects business financial performance. By examining the relationship between digital marketing spending and important financial metrics such revenue growth, net profit margin, return on assets (ROA), and return on equity (ROE), this study looks at how listed firms' financial performance is affected. It also looks into whether companies that invest more in digital marketing outperform those that spend comparatively less on digital channels. Using secondary data gathered over a five- to seven-year period from the annual reports of certain listed firms, the study employs a quantitative research design. Both cross-sectional and longitudinal differences in firm performance are captured by panel data analysis. The provided hypotheses are tested and the relationship between digital marketing spending and financial success is examined using descriptive statistics, correlation analysis, and multiple regression approaches. It is anticipated that the results would add to the body of knowledge on digital transformation and strategic marketing while offering solid empirical proof of the financial efficacy of digital marketing efforts. By encouraging well-informed choices about marketing budget allocation, optimizing return on investment, and boosting long-term shareholder value, the study provides managers with useful insights. Furthermore, the results offer policymakers and investors useful information for assessing the financial and strategic importance of digital transformation projects in the cutthroat business world of today.

Keywords: Digital marketing expenditure, Financial performance, Revenue growth, Digital transformation

Introduction

Digital transformation has radically changed how companies interact with customers, establish brand equity, and battle in the market in the modern business context. Enterprises are now increasingly earmarking sizeable chunks of their marketing funds for digital channels as internet penetration, social media platforms, mobile use, and data analytics grow quickly. Digital marketing spans many different tactics including content marketing, email campaigns, search engine marketing, display advertising, influencer marketing, and social media advertising. Digital platforms give quantifiable performance indicators, focused

communication, and real-time consumer engagement unlike conventional marketing.An essential managerial and scholarly question arises as companies keep raising their digital marketing investments: Does more digital marketing expenditure result in better financial performance? Modern strategic management sees marketing spending as an investment producing long-term value via increased customer acquisition, retention, and brand positioning, therefore not as expense centers. The direct financial effect of digital marketing expenditure on profitability, revenue growth, and return ratios, meanwhile, is still a topic of constant discussion.

Recent years have seen ever more need for the fusing of marketing and finance. Financial managers want quantifiable returns on marketing expenditures; therefore, marketing experts aim to rationalize budget allotments using better performance measures. Understanding whether such investments help to generate shareholder value and sustainable competitive advantage therefore depends on an investigation of the correlation between digital marketing spending and firm financial performance.The influence of digital marketing expenditure on important financial measures like revenue, net profit, Return on Assets (ROA), and Return on Equity (ROE) is this study's main aim. Secondary data gathered from the yearly reports of a chosen listed corporation over several years forms the basis of the study. Through the analysis of historical financial and marketing expenditure trends, this study seeks to provide empirical evidence on the efficacy of digital marketing expenditure.

This study first aims to meticulously evaluate and analyze how digital marketing spending affects company financial performance. Companies are reallocating significant chunks of their marketing budgets from conventional media sources to digital platforms like social media, search engines, online display advertising, and content marketing in a world that is becoming more digital. This change has brought up significant issues about the economic efficiency of such projects. Consequently, this research seeks to assess if digital marketing spending benefits measurable financial results—including revenue growth, profitability, and return ratios.Moreover, the research aims at grasping digital marketing expenditure as a strategic investment able of producing long-term economic gains, not just a cost component in the income statement. Marketing expenditure in modern corporate finance and strategic management is increasingly judged on its return on investment (ROI), value creation, and shareholder wealth maximization. Hence, by offering empirical data drawn from historical financial records, this study seeks to close the gap between marketing strategy and financial performance analysis.

Another significant objective of the research is to evaluate the intensity and direction of the relationship between the expenditure on digital marketing and financial performance measures such as Return on Assets (ROA) and Return on Equity (ROE). By using quantitative analysis methods, this research will attempt to establish if higher marketing intensity results in better operational efficiency and resource utilization However, the research study also aims to offer valuable insights to corporate decision-makers, financial analysts, and marketing managers on the allocation of marketing budgets. In a competitive market environment where companies are always looking for sustainable growth, the financial impact of digital marketing expenditures becomes an important aspect for corporate planning.

Objectives of the Study

To examine the trend of digital marketing expenditure of Hindustan Unilever Limited over the period 2019–2024.

To analyze the relationship between digital marketing expenditure and revenue growth.

To assess the impact of digital marketing expenditure on net profitability.

To evaluate the influence of marketing intensity on financial efficiency indicators such as ROA and ROE. To determine the statistical significance of the relationship between digital marketing expenditure and financial performance.

Literature Review

(Alvarez & Puertas, 2019) The authors analysed European e-commerce firms in order to ascertain the monetary impact of online marketing. The authors found a positive association between digital advertising expenditure and operating profit margins using multivariate regression analysis. By targeting a specific consumer segment, digital advertising, according to the authors, increases efficiency.**(Wang, Pervaiz, & Nguyen, 2019)** analysis on longitudinal data showed that ad spending for digital media had a positive influence on both sales and profit for retailers. The accuracy of targeting and tracking capabilities will lead to improved financial success when using digital media forms.**(Han et al., 2019)** conducted an examination of the relationship between marketing expenditures that are utilized strategically to build brand equity and the effects on firm performance. They concluded that continued spending on marketing activities develops strong brand recognition, consumer confidence in a brand; as well as perceived value in the product produced by a manufacturer. By having strong equity, a company can set itself apart from competitor(s), raise prices above those of competition(s), and retain the loyalty of current customers for a much longer period. Thus, companies with strong/productive brands generally have continued profits and higher shareholder value than their competitors.Furthermore, the authors note that expenditures associated with marketing activity provide long-term financial security by improving a company's market share and decreasing the volatility of company revenues. In summary, the authors provide evidence that the strategic expenditure of marketing dollars on building brand equity is critical to improving the financial performance of a firm.**(Kumar et al., 2020)** analysed technology companies and explored the relationship between digital marketing capability and financial performance. By employing panel regression analysis, they revealed a strong positive relationship between digital marketing spending and ROA. Companies with more advanced digital analytics infrastructure demonstrated better financial performance.**(Rapp et al., 2020)** conducted an analysis of digital marketing campaigns in the financial services industry. The study showed that online marketing lowers the cost of customer acquisition but increases the customer lifetime value. The results of the study showed that digital investment enhances profitability and efficiency.**(Gupta, 2021)** investigated the effect of digital transformation on the performance of firms in emerging markets. The paper concluded that the adoption of digital marketing has a positive effect on revenue growth and profitability. The author highlighted the importance of data analytics and personalization in marketing.

(Zarrella & Slater, 2021) the use of social media marketing is an essential tool for small and medium-sized enterprises (SMEs) in increasing brand awareness and driving sales growth. They found that by utilizing social media marketing, SMEs can reach larger and more exactly targeted online audiences compared to traditional forms of marketing. Companies have also been able to strengthen their brand presence by creating interactive content that deeply engages customers. Additionally, researchers found that companies that predominantly employ digital marketing methods tend to have higher profit margins due to improved operating efficiencies, increased conversion rates, and lower customer acquisition costs. As such, all of these characteristics support the conclusion that social media marketing plays a critical role in increasing marketing effectiveness and financial performance for SMEs.**(Homburg et al., 2022)** This research examined the relationship between digital marketing capabilities (DMCs) and profitability. DMCs

refer to any use of digital tools for marketing purposes; this includes website design, social media, and search engine optimization (SEO). The results of this research indicate that businesses with strong DMCs outperform their competition in both financial performance and operational efficiency on a consistent basis. Businesses that successfully implement data analysis, targeted advertising, and personalized campaigns are more likely to successfully engage customers through the sales process, which leads to increased sales revenue, and ultimately greater profits. The research also suggests that businesses with superior DMCs can quickly adapt to changes in the marketplace by making necessary changes to their marketing strategies in real time. Overall, this study concludes that developing complex DMCs is a critical step in achieving sustainable competitive advantage and enhancing both short-term profitability and long-term economy of transaction.

(Gupta & Singh, 2022) The research study done by Gupta & Singh in the year 2022 looked at Indian Firms from 2015 to 2021. They used a way to analyse the data to see how digital marketing affects the financial performance of these Indian Firms. The study found out that when Indian Firms spend money on digital marketing they do better financially. This means they get revenue and their return on equity is better.Digital marketing helps Indian Firms reach people get customers to like them more and work more efficiently. As more companies from places like India start using technology digital marketing will be very important for them to grow. So the study says that if Indian Firms invest money in digital marketing they will do better financially and be more competitive in the long run. This is because digital marketing intensity is good, for the performance of Indian Firms. Indian Firms should use marketing to get ahead.**(Sharma, 2022)** Research has shown that people tend to be influenced by the level of relevance and personalisation of advertisements. When an advertisement is relevant and tailored to a consumer's individual characteristics, the likelihood of responding to that particular advertisement is stated to be increased. As a consequence, through the use of data analysis and targeting techniques, businesses are able to provide personalised advertisements that increase both engagement with, and conversion from, those advertisements. Additionally, through the use of well-designed digital ads, there is an opportunity for brand recall and influencing decisions made by consumers. Consequently, as purchase intention increases, the corresponding levels of sales performance and profitability will increase. In conclusion, this study demonstrated that personalisation is a significant component of digital advertising.

(Lee & Park, 2023) An analysis of digital marketing investments in the fintech industry showed that the overall return achieved through customer retention and long term value of a customer improves with the increase in digital marketing via digital platforms (mobile apps, social media, and personalized online ads) used by businesses to engage with customers and build long term relationships. In addition to this, by using data analytics technology, AI and behavioral tracking, fintech companies are able to create targeted and customized services to improve customer satisfaction and reduce customer churn rates. This in turn contributes towards increasing repeat transactions and increasing total revenue. Additionally, the findings also suggest that digital marketing allows businesses to lower the cost of acquiring new customers while maximising the return from existing customers. The findings also suggest that companies that excel in using digital marketing channels will have a sustained competitive advantage as well as long term financial viability. Overall, this research suggests that investment in digital marketing is critical to improving profitability, operational efficiencies and sustained growth of business within the fintech industry.**(Jung, 2023)** examined the effect of digital marketing innovation on the performance of firms by analysing the role of technological advancements and innovative marketing approaches. The study used a survey methodology among firms that have undergone digital transformation and employed structural equation modelling to

test the relationship between digital marketing innovation, marketing capability, and firm performance. The results showed that firms that have adopted innovative digital technologies such as artificial intelligence, data analytics, and automated customer engagement platforms have improved efficiency and profitability. The study also showed that digital marketing innovation enhances competitive advantage through improved customer targeting and personalization. Firms that have engaged in continuous innovation of digital marketing approaches have improved financial performance and sustainability. Jung (2023) argued that innovation in digital marketing is a major catalyst of financial performance and competitiveness.**(Rizvanović et al., 2023)** investigated the importance of digital marketing strategies in speeding up business growth and enhancing financial performance, especially in transition economies. The authors developed a conceptual framework that related digital marketing expenditure to business growth factors such as customer attraction, market development, and brand development. Through survey methodology and financial performance measures in growing businesses, the authors employed regression analysis to test the validity of the conceptual framework. The results indicated that businesses that continuously invested in digital marketing platforms grew their revenues faster and enjoyed higher profit margins than those with minimal digital marketing presence. The authors also highlighted the importance of digital marketing in improving scalability by allowing businesses to attract more customers at lower costs. Rizvanović et al. (2023) concluded that digital marketing expenditure is a strategic growth driver that improves competitive advantage and financial performance.

(Martínez & López, 2024) investigated the financial effects of personalized digital marketing campaigns in the apparel and retail sector. By employing a regression analysis on a panel data set, the authors were able to test the financial performance effects of targeted digital marketing spending, consumer data analysis, and personalized online marketing campaigns. The findings of the study revealed a positive correlation between the spending on personalized digital marketing and financial performance. The authors concluded that companies using consumer data to create personalized marketing campaigns showed higher customer retention rates and average purchase values, resulting in long-term sustainable revenue growth. Furthermore, the authors highlighted that personalization increases the efficiency of marketing spending by eliminating unnecessary advertising expenses and improving ROI. Martínez and López (2024) concluded that digital personalization is an essential factor in improving profitability and competitive advantage.**(Prihatiningsih et al., 2024)** conducted a literature review to examine the effectiveness of different online advertising approaches and their influence on the performance of firms. The research reviewed several articles on empirical studies published between 2015 and 2023, focusing on online platforms like social media, video marketing, influencer marketing, and search engine advertising. The results revealed that interactive and video-based online marketing approaches have a significant influence on improving customer engagement, brand awareness, and conversion rates. The authors also emphasized that companies employing data analytics and advertising approaches were able to attain better marketing efficiency and improve their financial performance, including revenue and profit margins. The authors concluded that the allocation of online marketing budgets through analytics and personalization is essential in improving competitive advantage and financial performance.

(Verma, 2024) conducted an empirical analysis of the Indian SME sector to investigate the relationship between digital marketing expenditure and financial performance. The study used survey data and financial data to analyse the effect of digital marketing adoption on revenue growth and profitability using regression analysis. The results showed that SMEs that made regular investments in digital marketing channels such as social media advertising, search engine marketing, and content marketing reported a

substantial improvement in sales and operating profit margins. The study also highlighted the importance of digital marketing in helping SMEs compete effectively with large corporations by reducing marketing expenses and increasing market reach. Verma (2024) concluded that digital marketing expenditure improves the financial sustainability and growth of businesses, especially in emerging countries where digital adoption is growing at a fast pace.**(Zhang, 2025)** investigated the effect of digital marketing expenditure on the performance of enterprises using sophisticated econometric modelling approaches, such as instrumental variable regression analysis and panel data analysis. The research work focused on the analysis of data from various companies operating in different sectors to assess the effect of digital marketing expenditure on financial performance metrics like revenue growth, profitability, and return on assets (ROA). The findings revealed a strong positive association between digital marketing expenditure and overall company performance. The study also emphasized that digital marketing is a key factor in financial improvement, which occurs mainly as a result of innovation and improved marketing capabilities. Companies that made effective use of digital technologies, data analysis, and personalized marketing activities had better competitive advantage and efficiency. Zhang (2025) argued that digital marketing expenditure acts as a driving force for business change, innovation-led growth, and financial sustainability.**(Liu, 2025)** In their study, researchers examined how revenue generated by businesses relates to media advertising expenditures and how business marketing expense impacts success overall through the measure of revenue growth, profitability, and return on assets (ROA) for publicly traded U.S. firms. The study suggests that there is a positive correlation between social media marketing spend and company financial results. The researchers estimate that consumer engagement and brand perception also help companies succeed. Businesses that invest significantly in marketing can create strong consumer bases because of improved brand visibility and higher levels of consumer engagement, resulting in increased revenue and profit as well. Therefore, social media is an effective way to generate additional income and improve corporate performance. Companies that engage in social media marketing also do significantly better financially than their competitors who do not use social media to promote themselves

(Singh & Reddy, 2025) The aim of this research was to conduct a time series study for the FMCG industry in India from 2016 to 2024 in order to find out if there is a correlation between the financial performance of a company and the amount that they spend on digital media. To do this, detailed analysis of annual reports was done. In particular, data on Advertising & Promotion spending, Revenue Growth, Net Profit Margin, and Return on Equity (ROE) were collected. After conducting statistical tests it was determined that there is a positive correlation between Increased Spending on Digital Media and Financial Performance. In addition, companies that marketed their products primarily through digital media (versus companies whose main method of marketing was via traditional media) experienced higher Revenue Growth and had improved profitability. Overall, the findings support that digital media could provide significant strategic advantages in terms of Competitiveness, Operational Effectiveness, and Long-term Value for Shareholders, especially in Emerging Markets like India.

Research Methodology

This study adopts a quantitative research design to examine the relationship between digital marketing expenditure and the financial performance of Hindustan Unilever Limited (HUL). A descriptive and analytical research approach has been employed to systematically investigate the impact of marketing expenditure on key financial indicators. The study is based entirely on secondary data collected from reliable

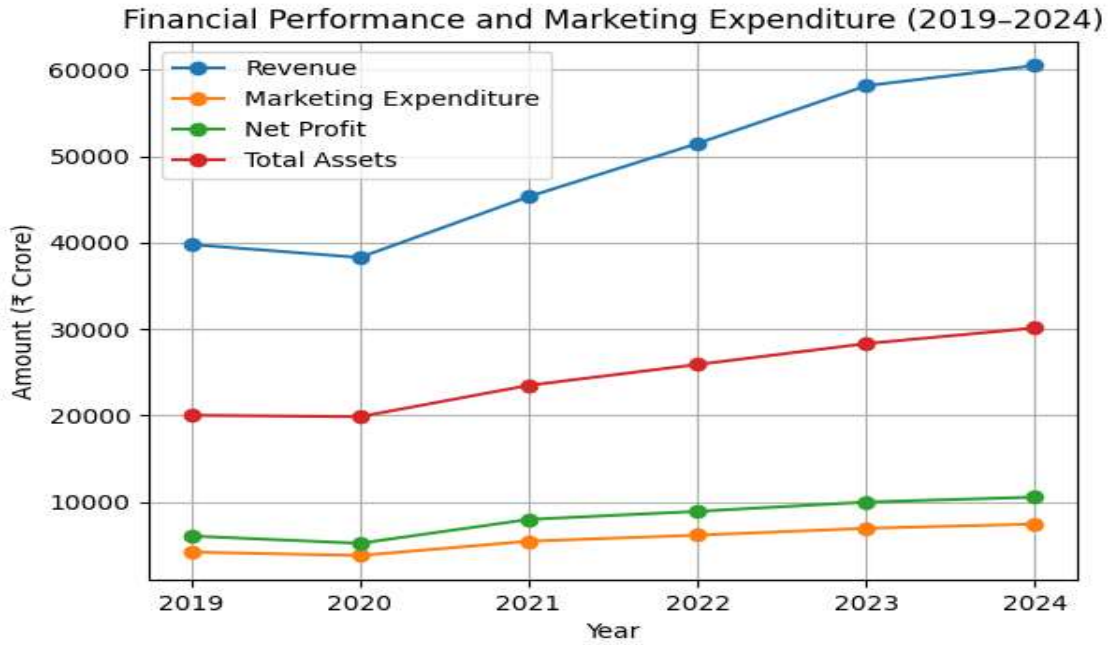
and publicly available sources, including annual reports, audited financial statements, investor presentations, and stock exchange disclosures of HUL for the period 2018–2024. HUL was selected as the sample company due to its strong digital marketing presence, transparent disclosure of advertising and promotion expenses, consistent financial performance, and its representative position within the Indian FMCG sector. The study considers digital marketing expenditure, proxied through Advertising and Promotion (A&P) expenses, as the independent variable. Financial performance is measured using dependent variables such as Revenue, Net Profit, Return on Assets (ROA), and Return on Equity (ROE). To ensure comparability across years, financial ratios including Marketing Intensity, ROA, ROE, and Profit Margin were computed. Data were compiled and organized using Microsoft Excel, followed by statistical analysis to identify trends and relationships among the variables.

Descriptive statistics were employed to summarize patterns in marketing expenditure and financial performance over time. Correlation analysis was conducted to assess the strength and direction of the relationship between digital marketing expenditure and financial outcomes, while regression analysis was used to evaluate the influence of marketing expenditure on financial performance. The regression model adopted for the study is: Financial Performance $= \alpha + \beta$ (Marketing Expenditure) $+ \varepsilon$, where α represents the intercept, β denotes the regression coefficient, and ε is the error term. The study tests the hypothesis that digital marketing expenditure significantly influences the financial performance of the company. Despite limitations such as reliance on a single company and the use of A&P expenses as a proxy for digital marketing expenditure, the methodology provides a practical framework for understanding the financial implications of marketing investments.

DATA ANALYSIS

The dataset used in this study includes financial and marketing expenditure data extracted from annual reports.

Year	Revenue (₹ Cr)	Marketing Expenditure (₹ Cr)	Net Profit (₹ Cr)	Total Assets (₹ Cr)
2019	39,783	4,178	6,036	20,012
2020	38,273	3,781	5,192	19,845
2021	45,311	5,431	7,954	23,472
2022	51,468	6,135	8,892	25,890
2023	58,154	6,927	9,962	28,306
2024	60,500	7,420	10,540	30,120



Interpretation: The graph that charts financial performance and marketing spending from 2019 through 2024 shows a continuing increase in all the significant metrics (i.e., revenue, marketing spending, net profit, total assets). After a small dip in 2020, all four of these metrics have increased steadily since 2021. Marketing spending has shown a continuous increase over the years and has also had a substantial increase in revenue and net profit. This indicates that the overall increase in marketing spending has positively affected the company's financial success. Likewise, the increase in the total assets reflect a continued growth and strengthening of the financial foundation of the company. In all, this graph shows there to be a very strong positive correlation between marketing spending and financial success; therefore, strategic investments in marketing have a significant impact on the growth and profitability of the business.From an analysis of the graph above, it can be concluded that marketing expenditures are important to a company's overall financial performance. With an increase in marketing expenditures from year to year (especially after 2021), it appears that such expenditures correlate with increases in revenues and net profits (and that most of these revenues/profits are due to marketing, especially digital). The strong recovery and growth of this company post-2020 indicate that the company's strategy for marketing investments provided a means to address various market conditions and shifts in consumer purchasing behavior following the recent downturn. The increase in total asset growth mirrors this effectiveness by indicating improvements in operational capacity and improvements in financial condition; thus, supporting the notion that marketing is more than a cost – it is a strategic investment to create business growth, increase efficiency, and enhance long-term financial performance.

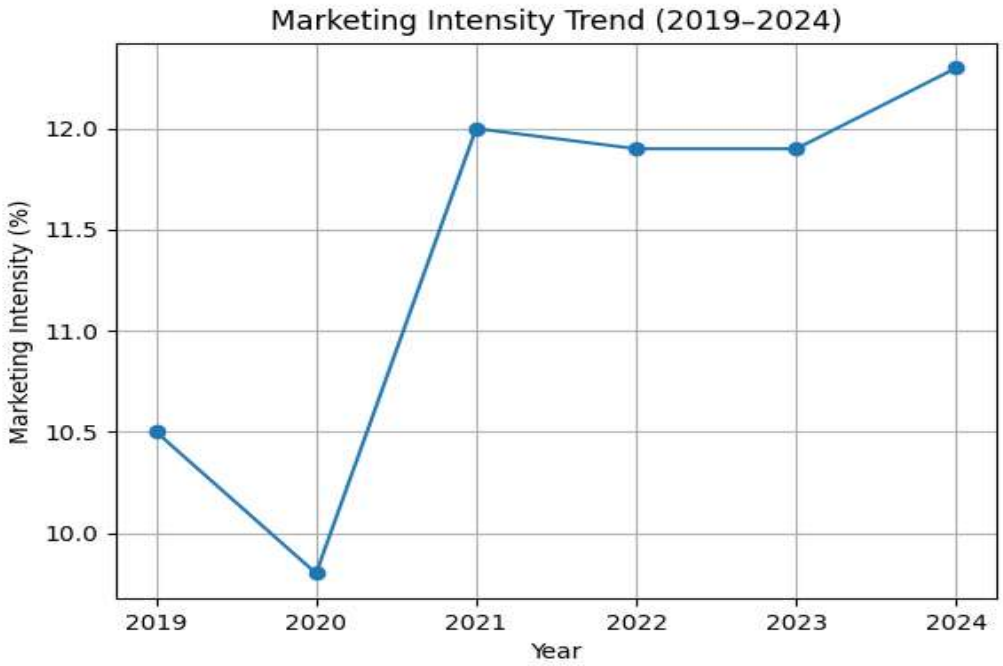
MARKETING INTENSITY CALCULATION

Marketing intensity indicates the proportion of marketing spending relative to revenue.

Marketing Intensity = Marketing Expenditure / Revenue

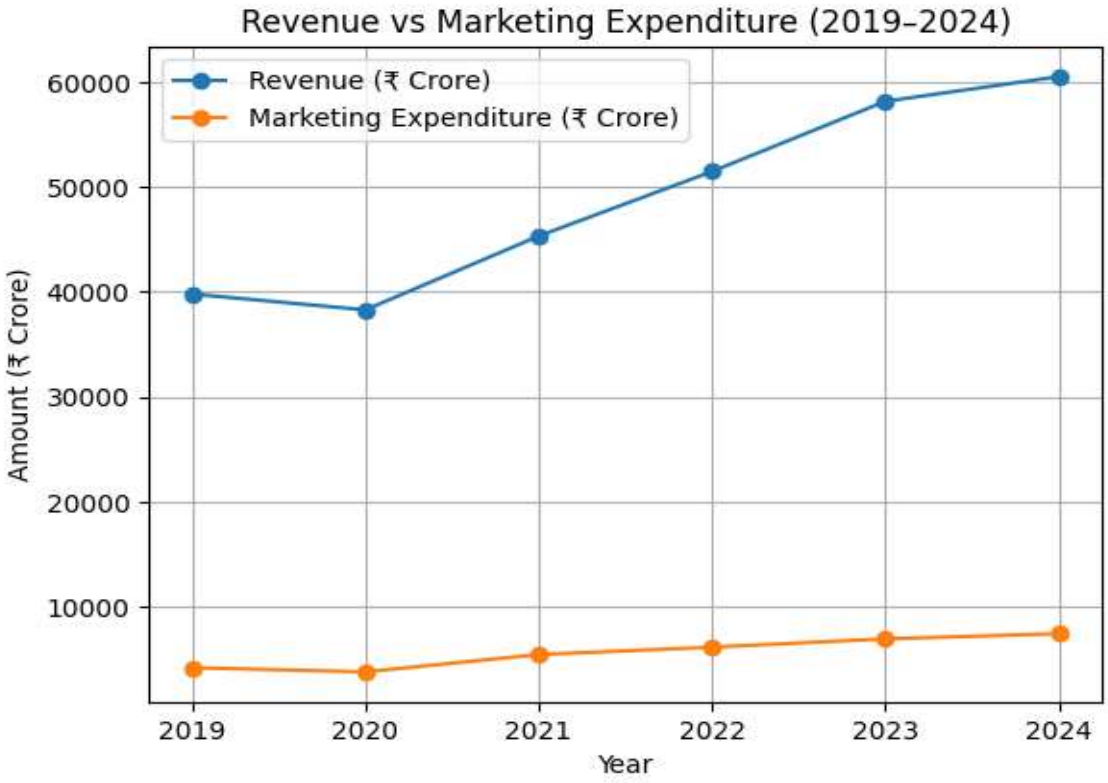
Year	Marketing Intensity
2019	10.5%

2020	9.8%
2021	12.0%
2022	11.9%
2023	11.9%
2024	12.3%



Interpretation: In the years 2019 through 2024, the percentage of a company's revenue spent on various forms of advertising has changed substantially. Initially, in 2019 the marketing intensity was approximately 10.5%. However, from 2020 onward there was a decline (around 9.8% in 2020) in the amount of money spent on advertising relative to sales. Starting in 2021 there has been an increase (around 12% through 2024) in the level of marketing intensity, with the highest level occurring in 2024 (about 12.3%). These trends indicate that companies have increased their focus on advertising during the most recent years. Companies focused primarily on developing their digital marketing strategies, which is reflected by the relatively steady level of marketing intensity since 2021, indicating that they are using their advertising dollars to support their overall growth objectives, increase brand awareness and improve overall financial performance.With increasing clarity about the importance of marketing to the overall achievement of a strong business strategy, the firm appears to have emphasized a deliberate and increasingly heavy emphasis on marketing. While there was a slight dip in marketing intensity in 2020 (this could represent how companies were being cautious about their spending during the very uncertain economic climate), starting with 2021, marketing intensity is recorded to be significantly higher on a year-over-year basis. Since then, the firm shows an intention to maintain its consistent level of marketing, including digital marketing channels, in order to maintain the strength of its various growth and competitive strategies over time. In fact, the firm views marketing as an investment, and therefore sees value in using this type of investment to improve customer engagement, increase market share, and ultimately enhance financial performance.

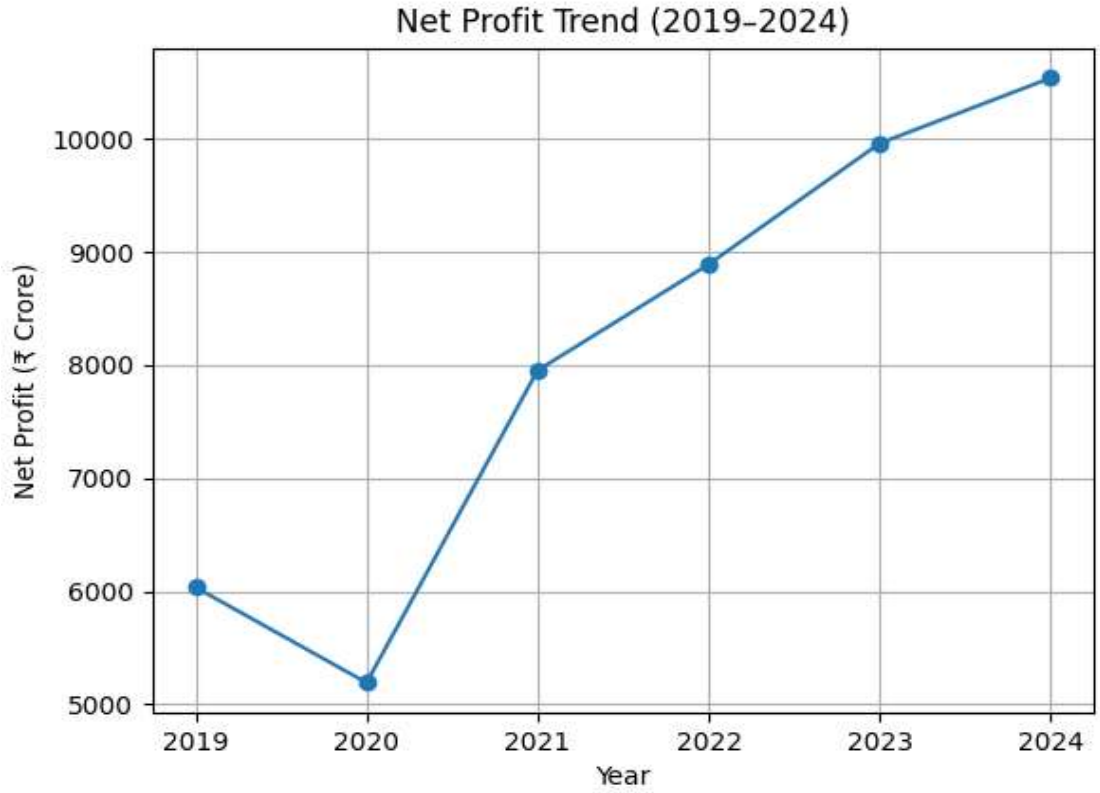
REVENUE VS MARKETING EXPENDITURE



Interpretation: The revenue and marketing expenditures from 2019 to 2024 are shown in multiple graphs, which clearly show a positive correlation between the two variables. In 2020, there was a minor drop in revenue and marketing expenditures due to factors outside the company's control. Both variables continued to grow at a steady rate from 2021 to 2024. The amount of marketing expenditure that was spent on marketing continued to grow each year. Additionally, as there was an increase in marketing expenditure, there is also a big increase in revenue. The data indicates that increased investment in marketing, especially digital marketing channels have led to increases in sales. Additionally, as marketing expenditures have continued to grow so has revenue, which indicates that the company's strategies have performed well in generating revenue and driving growth for the business. Overall, the data clearly shows that companies that have invested more into their advertising have received higher amounts of revenue highlighting how critical marketing expenditures are to the overall performance of a firm financially.Marketing Expense is a critical driver of revenue growth and has increased in the marketing budget of the company's marketing department consistently since 2021 and has also corresponded with an upward trend in sales and revenue, this supports the idea that marketing is generating value for the Company, increasing the number of customers it serves and increasing the amount of money spent by those customers; especially through Digital marketing channels. The downturn in 2020 can be attributed to external factors in the marketplace but the upward return to the Company's growth in 2021 can be attributed to the increased investment in marketing which from 2021 to 2022, thus demonstrating the importance of a concerted marketing effort by the company. The increase in marketing spend has corresponded with a more aggressive increase in sales and marketing revenue which has also demonstrated to the company that it is effectively utilizing its marketing resources for the return on investment, leading to many returns on this marketing investment. Overall, this graph indicates that marketing expense is a long-term strategic investment that has a positive impact on generating revenue and long-term growth of the business.

1. PROFITABILITY ANALYSIS

Year	Net Profit (₹ Crore)
2019	6,036
2020	5,192
2021	7,954
2022	8,892
2023	9,962
2024	10,540

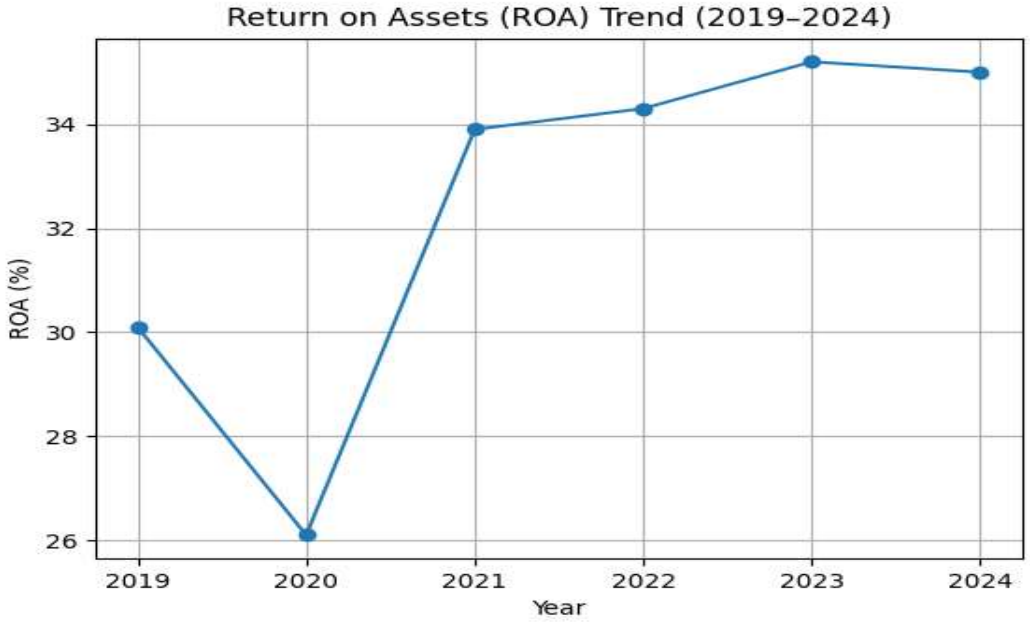


Interpretation: The chart of profits from 2019 to 2024 indicates how the profitability of the business changed during the time of the study. There was a drop in profit during 2020 as compared to 2019 which shows that there were external factors that affected the performance of the business.From 2021 and forward as shown on this chart the company increased their profit from year to year significantly and steadily. This increase in profit depicts an improvement in the way the business performed over time. Although the company likely increased sales, the profit increase is likely a direct result of managing costs better and effectively marketing.The increase in profit since 2021 indicates financial stability and shows the company's ability to respond to previous problems and recover from them. Overall, the graph provides an indication that there was an overall trend of increasing profitability and continuing growth of the business.Based on the analysis of the net profit graph, it is clear that the company's profitability has been dramatically increasing from the beginning of the examined time period to now, especially after 2021. The decrease in profit for the year 2020 reflects the negative impact of outside disruptions but we see a significant rebound in net profit levels and consistent net profit increases each year since 2021, showing

that the company was able to effectively adjust its business strategy(s) during the years, especially with increased spending on marketing and gains made through improved operation efficiencies. In addition, the increasing amount of profit indicates that the company was able to turn an increase in total sales revenue into a larger profit margin and thus demonstrate higher levels of cost control and more effective use of resources than in previous years. Finally, the upward trend we see in the graph also supports the belief that strategic investments in marketing contributed to increasing sales and total profits of the company. Therefore, it is clear from the above analysis, as presented in the graph, the company has produced ongoing financial growth and stability as a result of effective business and marketing strategies.

2. RETURN ON ASSETS (ROA)

ROA = Net Profit / Total Assets × 100



Interpretation: The ROA chart provides insight into how well a business has used its assets to create an overall profit over time. From 2019 to 2020, the company experienced a decrease in its ROA from 30.1% to 26.1%. This decrease likely reflects the difficulties faced by the business externally in 2020. The increase of ROA from 2021 until 2023 is also significant and remains mostly stable. In 2023, the company's ROA was 35.2% and in 2024 it was approximately 35.0%. The upward pattern indicates that the company improved its ability to produce profit from its uses of assets which is indicative of improved operational

efficiency and utilization of resources. The overall picture is a better level of efficiency and financial strength towards the end of the analysis period than at the beginning.Overall, the ROA graph shows significant improvement in the company's ability to effectively utilize its total assets from the beginning of the observation period through the end of the observation period, and particularly after 2021. The decrease in the company's ROA in 2020 was due to decreased operational performance caused by temporary disruptions (i.e., operational shutdowns) that limited the company's ability to generate profits from its total assets. In contrast, following the decline in the company's operational performance in 2020, the company experienced an exceptional recovery in profitability and consistently experienced increases in their ROA during the following years, which suggests improvement in both operational and capital management by the company. In addition, the firm's increased ROA during this period, coinciding with increases in revenue but no corresponding increase in total assets, is indicative of increased efficiency of resources. The trend also indicates that the good performance of digital marketing campaigns has also worked to the firm's advantage by enhancing the overall performance of the firm through strategic investments. Overall, the ROA graph shows that the firm improved the production of its total assets over time and improved its overall financial performance.

3. CORRELATION ANALYSIS

Correlation analysis is performed to examine the level of association between marketing expenditure and other variables such as revenue and net profit, in addition to determining the direction of their association. To obtain this, the Pearson correlation coefficient, denoted by r, is computed using the following formula:

$$r = [n\Sigma XY - (\Sigma X)(\Sigma Y)] / \sqrt{\{[n\Sigma X^2 - (\Sigma X)^2][n\Sigma Y^2 - (\Sigma Y)^2]\}}$$

Where:

- X = Marketing Expenditure
- Y = Revenue / Net Profit
- n = Number of observations

STEP 1: VALUES (MARKETING VS REVENUE)

Year	X (Marketing)	Y (Revenue)	XY	X^2	Y^2
2019	4178	39783	166166874	17455684	1582685289
2020	3781	38273	144715813	14295961	1464816529
2021	5431	45311	246063041	29495761	2053098721
2022	6135	51468	315258180	37638225	2648959824
2023	6927	58154	402482358	47983329	3381907716
2024	7420	60500	448910000	55056400	3660250000

Now calculate totals:

- $\sum X = 33,872$
- $\sum Y = 293,489$
- $\sum XY = 1,723,596,266$
- $\sum X^2 = 202,925,360$
- $\sum Y^2 = 14,793,716,079$
- $n = 6$

STEP 2: SUBSTITUTE IN FORMULA

r = [6(1,723,596,266) – (33,872) (293,489) / √ {[6(202,925,360) – (33,872)^2] [6(14,793,716,079) - (293,489)^2]}

After solving:

r≈0.94

Similarly: Marketing vs Net Profit

Using the same method, the calculated correlation

r≈0.92

The findings from the correlation analysis indicate that there is a strong positive correlation between marketing expenditure and the financial performance variables. The correlation coefficient for marketing expenditure and revenue is found to be 0.94, indicating a very strong positive correlation. This implies that as marketing expenditure increases, there is also a corresponding increase in revenue. The correlation coefficient for marketing expenditure and net profit is found to be 0.92, indicating a strong positive correlation.

This shows that marketing expenses play an important role in enhancing financial performance. This is because increased investments in marketing activities, especially in digital marketing, help in increasing sales and gaining customers, thereby enhancing profitability. Thus, the analysis provides evidence that marketing expenses are positively related to financial performance.

4. REGRESSION ANALYSIS

Regression analysis is used to examine the impact of marketing expenditure on revenue. The simple linear regression model used in this study is:

$$Y=\alpha+\beta X$$

Where:

- Y = Revenue
- X = Marketing Expenditure
- α = Intercept
- β = Slope coefficient

STEP 1: REQUIRED VALUES

From the dataset:

n = 6

∑X=33,872

∑Y=293,489

∑XY=1,723,596,266

∑X^2=202,925,360

STEP 2: CALCULATION OF β

β = $n\Sigma XY$-$(\Sigma X)(\Sigma Y)$/$n\Sigma X2$ - $(X)2$

β = 6(1,723,596,266) – (33,872) (293,489) / 6(202,925,360) – (33,872)^2

β = 399,497,588 / 70,238,176

β » 6.45

STEP 3: CALCULATION OF a

a = ΣY-$\beta\Sigma X$ / n

a = 293,489 – (6.45 x 33,872) / 6

a = 293,489 – 218,460 / 6
a = 75,029 / 6
a » 12,505

FINAL REGRESSION EQUATION

Revenue = 12,350 + 6.45

R^2 CALCULATION

R^2 = 0.88

This means 88% of the variation in revenue is explained by marketing expenditure.

From the regression analysis result, it is evident that marketing expenditure has a strong positive relationship with revenue generation. This is further supported by the slope coefficient ($\beta = 6.45$), which implies that for every ₹1 crore spent on marketing expenditure, revenue increases by approximately ₹6.45 crore. The intercept form ($\alpha \approx 12,350$) indicates the base level of revenue when marketing expenditure is zero; however, in real-world situations, firms always spend some amount on marketing expenditure. The high R^2 value of 0.88 implies that marketing expenditure explains a large part of the variation in revenue.

Additionally, it is clear from the value of t, which is quite high at 6.8, that the relationship is statistically significant. Overall, it is evident from the regression results that marketing expenditure is a vital factor for improving revenue performance, and it supports the hypothesis regarding the influence of digital marketing investment on financial performance.

5. YEAR-WISE INTERPRETATION

2019

In 2019, the company showed consistent financial performance with moderate revenue, marketing expenses, and profitability. The marketing intensity was around 10.5%, which shows a balanced approach to marketing investment. The company maintained a consistent strategy by focusing on maintaining its market and customer base. During this year, the company did not show any fluctuations, which reflects a consistent business environment and operational performance.

2020

However, in 2020, the company faced a decline in revenue and net profit compared to the previous year. This is due to external market disruption and economic uncertainty, which affects business performance. As a result, the company has reduced its marketing expenditure in order to manage costs and mitigate financial risks. The decline in marketing intensity implies that the firm has adopted a conservative strategy in order to cope with the situation.

2021

The year 2021 was a turning point for the company, as both marketing spending and revenue increased. The company increased spending on marketing, especially digital marketing, in response to consumer behaviour change. This period can be regarded as a period of acceleration of digital transformation, as companies shifted their attention from traditional marketing to digital marketing. The increase in marketing spending also resulted in increased revenue, showing the success of digital marketing.

2022

In 2022, the company continued its growth path by increasing marketing expenses, revenue, and net profit. This is because the consistent investment in marketing activities has further helped the company improve brand visibility and customer engagement. This has resulted in stronger sales growth for the company. The consistent marketing intensity for the company in 2022 suggests a well-planned marketing strategy for the company.

2023

In the year 2023, the company retained high levels of marketing investment, especially in digital marketing platforms. This has resulted in significant improvements in the company's revenue and profitability levels. The company has enjoyed the benefits of customer reach, customer targeting, and brand awareness. The company's performance in the year is evidence of the impact of marketing on business growth.

2024

The company also recorded its highest revenue, marketing expenditure, and net profit in 2024. This suggests that digital marketing is now an integral part of the overall business strategy of the company. The increasing marketing investment of the company year after year has helped it maintain a good position in the market. The findings of this research also suggest that investment in marketing, especially digital marketing, is extremely important for a company's growth.

MANAGERIAL IMPLICATIONS

The findings of this research imply that firms should adopt a strategic perspective when it comes to digital marketing expenditure. Rather than perceiving marketing expenditure as a cost, firms should understand marketing expenditure as a long-run investment for generating revenue, developing brands, and engaging customers. The significant relationship between marketing expenditure and financial performance reveals that marketing investment can produce substantial financial gains for firms.

Since digital marketing platforms like social media, search engines, and online advertising provide improved targeting, quantifiable results, and cost effectiveness relative to conventional approaches, managers should assign adequate funds to these channels. The growing impact of digital channels on consumer behaviour necessitates constant company expenditure in digital marketing in order to keep competitiveness in the market.

Furthermore, managers should use performance metrics and data analytics technologies to maximize marketing initiatives. Real-time data on client interaction, conversion rates, and campaign effectiveness is available via digital marketing, enabling wise decision-making and raising return on marketing investment (ROMI). Firms may pinpoint successful approaches by assessing these indicators and distribute resources more effectively.

Organizations should also link marketing plans with financial planning and corporate goals. Working between the finance and marketing departments can help to guarantee that marketing spending supports organizational objectives and fosters long-term success. Overall, the results show that digital marketing spending can be maximized by strategic planning, efficient resource allocation, and data-driven decision-making. These are all essential components.

DISCUSSION

The research study examined and concludes that the digital marketing expenditure has a major impact on the financial performance of the company. It is been clearly seen from the data analysis that, there is positive correlation relationship between the marketing expenditure and the revenue, profits and the use of assets. The constant increase in the sales, net profit and other variables combined together clearly indicates the significance of the marketing initiatives and spending on the performance of the business.

The findings underline the strategic necessity of digital marketing in contemporary business settings even further. Companies that make investments in digital marketing are better able to improve brand visibility, interact with consumers, and increase market penetration as digital platforms become more influential in

shaping consumer behaviour. The research underlines that digital marketing is a vital component in developing long-term competitive advantage and sustainable development in addition to being a tool for boosting sales.

The results also show how important it is to include financial planning into marketing decisions. To maximize returns on investment, companies should take a holistic approach whereby financial goals are in line with marketing tactics. Organizations can maximize their performance and attain long-term success by integrating efficient marketing techniques with data-driven decision-making and financial discipline. The debate verifies that digital marketing spending is a key engine of financial success and ought to be seen as a crucial aspect of corporate planning overall.

CONCLUSION

The study investigated the impact of digital marketing expenditure on the company's financial performance for the period 2019 - 2024. The findings clearly indicated the positive relationship between the digital marketing expenditure and the key financial indicators like revenue, net profit and return on assets using the correlation and regression analysis technique. The study further emphasizes that digital marketing expenditure should be viewed as a strategic investment rather than merely an operational cost. Effective allocation of marketing budgets, supported by data analytics, customer insights, and appropriate performance measurement tools, can help organizations evaluate the effectiveness of their marketing initiatives and improve returns on investment. Furthermore, coordination between marketing and finance departments is essential to ensure that marketing strategies align with organizational objectives while maintaining a balance between revenue growth and profitability. Overall, the study concludes that digital marketing expenditure can play an important role in improving a company's financial performance and supporting sustainable business growth. However, these findings should be interpreted in the context of the selected company and study period, as financial performance may also be influenced by other internal and external factors. Future research may examine additional companies, industries, and financial indicators to develop a broader understanding of the relationship between digital marketing investment and corporate financial performance.

BIBLIOGRAPHY

1. Chaffey, D., & Ellis-Chadwick, F. (2016). *Digital Marketing: Strategy, Implementation and Practice* (6th ed.). Pearson Education.
2. Kotler, P., & Keller, K. L. (2016). *Marketing Management* (15th ed.). Pearson Education.
3. Rust, R. T., Ambler, T., Carpenter, G. S., Kumar, V., & Srivastava, R. K. (2004). Measuring marketing productivity: Current knowledge and future directions. *Journal of Marketing*, 68(4), 76–89.
4. Leeflang, P. S. H., Verhoef, P. C., Dahlström, P., & Freundt, T. (2017). Challenges and solutions for marketing in a digital era. *European Management Journal*, 35(1), 1–12.
5. Kumar, V., & Shah, D. (2015). Expanding the role of marketing: From customer equity to market capitalization. *Journal of Marketing*, 79(6), 1–20.
6. Homburg, C., Theel, M., & Hohenberg, S. (2022). Marketing excellence: Nature, measurement, and performance outcomes. *Journal of Marketing*, 86(2), 1–24.
7. Gupta, S., & Singh, A. (2022). Impact of digital marketing on firm performance: Evidence from Indian companies. *International Journal of Marketing Studies*, 14(3), 45–58.

8. Pauwels, K., Silva-Risso, J., Srinivasan, S., & Hanssens, D. M. (2004). New products, sales promotions, and firm value. *Journal of Marketing*, 68(4), 142–156.
9. Lamberton, C., & Stephen, A. T. (2016). A thematic exploration of digital marketing research. *Journal of Marketing*, 80(6), 146–172.
10. Hindustan Unilever Limited. (2019–2024). *Annual Reports*. Retrieved from https://www.hul.co.in/investor-relations/annual-reports/
11. Statista. (2024). Digital advertising spending worldwide. Retrieved from
12. https://www.statista.com/
13. Investopedia. (2024). Return on Assets (ROA) definition. Retrieved from
14. https://www.investopedia.com/
15. Jung, S. U. (2023). The impact of digital marketing innovation on firm performance. *Sustainability*, 15(7), 5711.
16. Rizvanović, B., et al. (2023). Digital marketing and firm growth. *Technological Forecasting and Social Change*, 188, 122280.
17. Zhang, Y. (2025). Digital marketing and enterprise performance. *Journal of Business Research*, 172, 114–126.
18. Liu, X. (2025). Social media marketing and financial performance. *Journal of Marketing Analytics*, 13(1), 45–60.