From Local Seller to Global Customer – What Prevents Indian Micro-Brands from Going International?

Shravani Padekar[1], Ashritha Shetty[2], Shatavari Kale[3], Dr. Shailendra Patil[4]
[1,2,3]*BBA -IB Student*
[4]*Faculty, MIT ACSC Alandi (D)*
doi.org/10.64643/ijirt.208440-459

***Abstract*—India's e-commerce and D2C ecosystem have expanded rapidly, giving rise to thousands of micro-brands operating out of home studios and tier II/III towns. Despite improving product quality and rising global interest in Indian-made goods, very few succeed in converting domestic traction into a lasting international presence. Barriers include unfamiliarity with export documentation, limited knowledge of international taxation, high cross-border logistics costs, restricted access to international payment gateways, shortage of working capital, and limited digital marketing expertise for foreign audiences. Low awareness of global packaging and compliance standards, along with language and cultural differences, widens the gap between local success and global reach.**

This paper examines the operational, financial, regulatory, and psychological barriers faced by Indian micro-brands attempting to scale internationally, and studies the role of government export schemes, digital platforms, and fintech solutions in bridging local selling and global customer acquisition, aiming to identify practical, low-cost, scalable pathways for India's homegrown brands to compete globally.

Index Terms*—Indian Micro-Brands, Internationalization, Cross-Border E-Commerce, D2C Brands, Export Barriers, Global Market Entry, MSME Growth

I. INTRODUCTION

Philip Kotler suggested that a local business focuses its marketing activities on customers within a specific geographic area. Kotler points out that a local business gives importance to the needs, preferences and buying behaviour of customers in a particular locality, with its operations and marketing mainly designed for the local market. According to John D. Daniels, Lee H. Radebaugh & Daniel P. Sullivan, global business involves business transactions and activities that take place across national borders. The authors suggest that global business is not limited to one country — it involves the international movement of goods, services, capital, technology and people, connecting businesses with markets across different countries. According to the European Commission (2003), a micro-enterprise is an enterprise that employs fewer than 10 people and meets specified financial criteria. The European Commission identifies a micro-enterprise mainly on the basis of its small workforce and financial size, representing a very small-scale business with limited employees and resources.

Figure 1: Examples of Indian micro-brands.

II. FROM LOCAL TO GLOBAL

Globalization and digital technology have created opportunities for Indian micro-brands to reach customers beyond local markets. Many Indian brands offer unique products but struggle to enter international markets due to limited finance, lack of market knowledge, regulatory barriers, logistics, branding, and global competition.

This study focuses on the journey from local seller to global customer and examines the major challenges that prevent Indian micro-brands from going international.

- Strengthen the local business: - quality, service, consistent production.
- Build a strong brand: - a clear identity that appeals beyond the local market.
- Understand international customers: - research foreign markets and culture.
- Adapt the product: - packaging, language or pricing for the target country.
- Use digital platforms: - websites, social media, global e-commerce.
- Develop export capabilities: - trade rules, documentation, customs.
- Partner with international players: - distributors, agents, local partners.
- Expand gradually: - start with suitable markets, then scale further.

Figure 2: The journey from local market to global expansion.

Why This Matters: -

India's MSME sector contributes ~30% of GDP and 45.73% of exports (Ministry of MSME), and over half of MSMEs are rural enterprises (World Bank) making internationalisation relevant to employment, rural development, and inclusive growth, not just individual firms.

If micro-brands can access international markets, globalisation could expand opportunity beyond established large exporters — a proposition this study tests rather than assumes.

Beneficiary chain: Micro-brand → Entrepreneur → Employees → Rural/Women enterprises → MSME ecosystem → Indian economy. The Ministry of MSME frames globally competitive MSMEs as central to India's growth vision, while the DGFT identifies cross-border e-commerce as a pathway for MSMEs to access larger international markets alongside domestic ones.

Case in Point: Aheli

Aheli, an Indian ethnic jewellery brand, built domestic e-commerce experience and a brand identity before entering international markets via Amazon Global Selling in 2015. By 2020 it sold across the USA, UK, Germany, France, Italy, Spain, UAE and Singapore, with a 4.7/5 average rating, ~50% YoY revenue growth, and millions of global customers a real case supporting the Local → Global pathway.

The paradox: access to global markets does not automatically mean readiness to compete globally micro-enterprises still face constraints in finance, technology, market knowledge, logistics and regulation. *Global market access ≠ Global market readiness.*

III. LITERATURE REVIEW

1. Ankur Roy, Chandra Sekhar & Vishal Vyas (2016)
In their research paper "Barriers to Internationalization: A Study of Small and Medium Enterprises in India," the authors point out that: Studying manufacturing SMEs in Rajasthan, the authors found that internationalization is held back by four internal barriers (informational, managerial, financial, marketing) and three external barriers (governmental/legal, procedural/currency, socio-cultural). These obstacles vary in intensity by firm size and export experience, so support policies need to be tailored rather than one-size-fits-all.

2. Sonia Mukherjee (2018)
In their research paper "Challenges to Indian Micro Small Scale and Medium Enterprises in the Era of Globalisation," the authors point out that: Using the Indian coir industry as a case study, the paper concludes that outdated technology — not just cost or scale — is the central reason Indian MSMEs lose export competitiveness to rival exporting nations, and recommends technology transfer, R&D investment, and easier access to finance as the main fixes.

3. Rajshekhar G. Javalgi, Patricia Todd & Ella Granot (2011)
In their research paper "The Internationalization of Indian SMEs in B-to-B Markets," the authors point out that: The study concludes that Indian B2B SMEs internationalize successfully mainly through informal networks and relationship-based knowledge-sharing rather than formal market research, meaning their expansion is often opportunity-driven rather than strategically planned.

4. Huwei Wen, Yutong Liu & Fengxiu Zhou (2023)
In their research paper "Promoting the International Competitiveness of Small and Medium-Sized Enterprises Through Cross-Border E-Commerce Development," the authors point out that: Using data from over 14,000 Chinese SMEs, the authors conclude that access to cross-border e-commerce pilot zones significantly raises SMEs' overseas revenue and productivity — evidence that digital trade infrastructure is a genuine driver of internationalization, not just a marginal sales channel.

5. Nahar et al. (2026)
In their research paper "Technology-Enabled Cross-Border Entrepreneurship: The Role of Digital Platforms in SME Expansion Through the Lens of Institutional Theory," the authors point out that: The paper concludes that digital platforms lower entry barriers for SMEs, but the extent to which firms benefit still depends on regulatory, financial, and cultural institutional conditions in both home and target markets — meaning technology alone cannot substitute for institutional readiness.

IV. RESEARCH METHODOLOGY

The study adopts a descriptive research design based exclusively on secondary data to examine the cost and international competitiveness of Micro, Small and Medium Enterprises (MSMEs) in India. No primary data were collected for the study.
The secondary data were obtained from credible and authoritative institutional sources, including the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India; Directorate General of Foreign Trade (DGFT); World Trade Organization (WTO); India Trade Promotion Organisation (ITPO); and relevant Government of India publications, including the *Workshop on Cost and Competitiveness of MSMEs in India*.
These sources were selected to ensure that the study draws upon officially published information relating to MSME performance, trade, exports, cost competitiveness, international market participation, and policy support.

V. DISCUSSION AND ANALYSIS

Reports and statistics from the Ministry of MSME, DGFT, WTO, and ITPO were collected, reviewed, and grouped into themes — economic contribution, export performance, rural distribution, and platform-driven case evidence (Aheli). Each theme was then read for what it says about India's micro-brands specifically.

What the Analysis Shows

MSMEs contribute approximately 30% to India's GDP but account for 45.73% of the country's exports, indicating that the MSME segment as a whole is already export-oriented at the aggregate level it exports more than its relative economic size would suggest.

However, over 50% of MSMEs are located in rural areas, where access to export documentation support, cross-border logistics, and international payment infrastructure is typically weaker than in urban centres.

Because this national export strength sits at the aggregate MSME level while the majority of MSMEs are small and rural in character, the actual export contribution of tiny, founder-led micro-brands is likely to be considerably smaller than the national average implies.

This gap between aggregate export performance and micro-brand-level export activity is the core data-based evidence for the paper's central "opportunity–reality paradox."

The Aheli case study reinforces this interpretation. A 25-person, women-majority team was able to reach 8 international marketplaces by 2020 and sustain a 4.7 out of 5 average customer rating evidence that Indian products are well received by global consumers. Aheli achieved this scale not through traditional export infrastructure, but through a digital marketplace (Amazon Global Selling) that absorbed much of the logistics, payment processing, and customer-discovery burden.

This is consistent with Wen, Liu and Zhou's (2023) finding, drawn from over 14,000 Chinese SMEs, that access to cross-border e-commerce infrastructure measurably raises SME overseas revenue suggesting that platform access, more than firm size, may be the variable most strongly associated with successful internationalisation.

Taken together, the data indicate that the barrier facing Indian micro-brands is not primarily one of product quality or foreign demand, but one of structural readiness — access to the digital, financial, and regulatory infrastructure required to convert existing local strength into sustainable global reach.

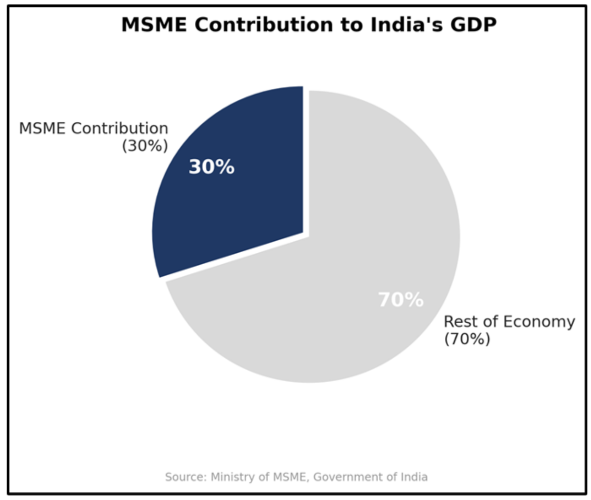

Figure 3: MSME contribution to India's GDP.

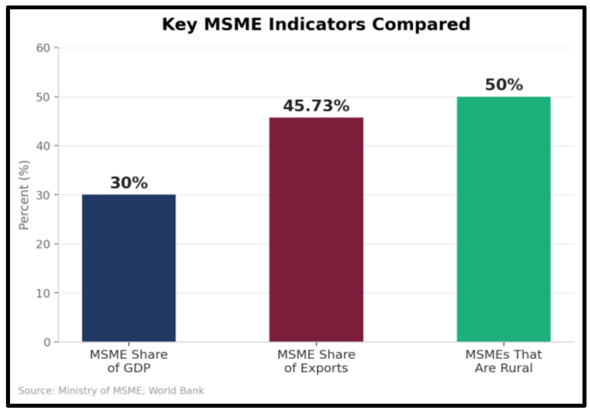

Figure 4: Key MSME indicators compared — GDP share, export share, and rural share.

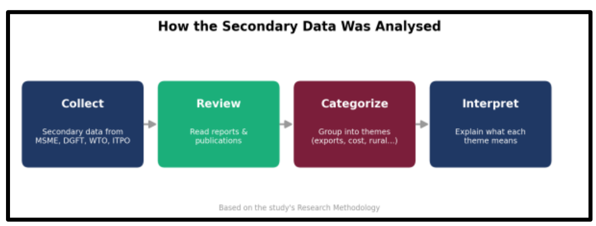

Figure 5: How the secondary data was analysed.

VI. RESEARCH GAP FROM THE STUDY:

Most existing research on small business internationalization looks at SMEs in general factories, manufacturers, and large B2B exporters. Very few studies look specifically at India's micro-brands tiny, home-run businesses selling mostly through digital platforms like Instagram, Amazon, or Etsy.

Also, past studies usually talk about two things separately: whether small businesses can reach global customers, and what problems they face while exporting. No study clearly connects the two by asking: just because a micro-brand can sell abroad through a platform, does that mean it's actually ready to succeed there?

This creates three gaps:
1. Who's being studied – Research focuses on SMEs in general, not tiny founder-led micro-brands specifically.
2. Access vs. readiness – No study clearly separates "being able to sell globally" from "being prepared to compete globally."
3. How it's studied – Most research uses surveys or large datasets from other countries (like China). This paper instead uses government data (MSME Ministry, DGFT, WTO) plus one real case study (Aheli) to study Indian micro-brands specifically.

This paper fills these gaps by focusing only on Indian micro-brands and testing whether market access really means market readiness

VII. FINDINGS

The analysis of secondary evidence reveals that the internationalization of Indian micro-brands is constrained less by the absence of global market opportunities and more by a readiness gap across financial, operational, regulatory, technological and market dimensions. The findings indicate that internationalization should therefore be understood as a capability-building process rather than a simple extension of domestic selling to foreign customers.

Scaling Into Additional Markets.
1. Global Readiness Gap – Micro-brands can access global markets (via digital platforms) but often aren't ready to serve them export docs, taxation, logistics, and compliance remain unresolved.
2. Multi-dimensional problem – Barriers aren't isolated; financial, informational, marketing, and regulatory gaps interact and compound each other (consistent with literature on SME barriers).
3. Platforms help but aren't a substitute – Cross-border e-commerce (e.g., Amazon Global Selling) lowers entry barriers and lifts revenue, but doesn't remove the need for institutional/managerial capability.
4. Finance is a strategic constraint – The issue isn't just capital access, but the capacity to sustain longer cash cycles, shipping costs, and foreign payments.
5. Knowledge asymmetry – Entrepreneurs are domestically skilled but often unfamiliar with export documentation, customs, and foreign-market norms — a hidden entry barrier.
6. Sequential pathway – Internationalization works best as a gradual progression: strengthen domestic base → build brand → understand foreign customers → adapt product → go digital → build export capability → partner → scale.

Overall Finding

The study establishes a Local-to-Global Readiness Paradox: Indian micro-brands increasingly possess the opportunity to reach international customers, yet many remain insufficiently prepared to convert that opportunity into sustainable global competitiveness. The critical policy and managerial challenge are therefore not merely to create more channels for international selling, but to build the financial, informational, regulatory, operational, digital and cultural capabilities required to use those channels effectively. In this context, internationalization should be viewed not as a single export decision but as a progressive capability-building journey from domestic competence to global readiness.

VIII. SUGGESTIONS

Based on the barriers and data patterns identified in this paper, the following practical, low-cost suggestions are proposed to help Indian micro-brands go global:
1. Simplify export documentation for very small sellers. Create a simplified, one-window export registration process specifically for micro-enterprises, separate from the paperwork designed for large exporters.
2. Build platform-first export pathways. Since Aheli succeeded through Amazon Global Selling rather than traditional exporting, government and industry bodies should actively help micro-brands onboard onto international e-commerce platforms rather than pushing them toward complex traditional export channels.
3. Provide accessible working-capital support. Offer small-ticket, low-collateral export financing or

credit lines through schemes tailored to micro and home-based businesses, not just registered MSME exporters.

4. Ease access to international payment gateways. Simplify KYC and onboarding requirements for micro-sellers to access international payment systems (PayPal, Payoneer, Stripe), which are currently a major blocker.
5. Offer low-cost compliance and packaging guidance. Provide accessible guides or low-cost consulting on international packaging, labelling, and quality-compliance standards, since many micro-brands are unaware of what is required abroad.
6. Create digital marketing support for global audiences. Offer training or subsidised support in cross-border digital marketing (SEO, foreign-language content, international social media ads) — an area micro-brands lack expertise in.
7. Focus rural-inclusion efforts specifically on exports. Since over 50% of MSMEs are rural, export-readiness programs should be deliberately extended into rural and tier II/III areas, not just concentrated in cities.
8. Encourage phased market entry. Support micro-brands in starting with one or two suitable countries first, as recommended in the Local-to-Global framework, rather than attempting to sell everywhere at once.
9. Publicise success stories like Aheli. Use real, relatable case studies of small Indian brands succeeding internationally to build confidence and provide a practical roadmap for other micro-brand founders.

REFERENCES

[1] Roy, C. Sekhar, and V. Vyas, “Barriers to internationalization: A study of small and medium enterprises in India,” *Journal of International Entrepreneurship*, vol. 14, no. 4, pp. 513–538, 2016.

[2] S. Mukherjee, “Challenges to Indian micro small scale and medium enterprises in the era of globalization,” Journal of Global Entrepreneurship Research, vol. 8, no. 1, Art. no. 28, pp. 1–19, 2018.

[3] R. G. Javalgi, P. Todd, and E. Granot, “The internationalization of Indian SMEs in B-to-B markets,” Journal of Business & Industrial Marketing, vol. 26, no. 7, pp. 542–548, 2011.

[4] H. Wen, Y. Liu, and F. Zhou, “Promoting the international competitiveness of small and medium-sized enterprises through cross-border e-commerce development,” SAGE Open, vol. 13, no. 4, Art. no. 21582440231210119, 2023.

[5] S. Nahar and M. Alam, “Technology-enabled cross-border entrepreneurship: The role of digital platforms in SME expansion through the lens of institutional theory,” Thunderbird International Business Review, in press, pp. 1–24, 2026.

[6] P. Shigvan, S. Shevkari, V. Auti, and G. Kumar, “Detecting and mitigating insider threats with artificial intelligence,” International Journal of Innovative Inventions in Social Science and Humanities, 2025.

[7] Directorate General of Foreign Trade (DGFT), Cross-Border E-Commerce Policy for MSMEs, Government of India, Ministry of Commerce & Industry. [Online]. Available: DGFT Cross-Border E-Commerce Handbook for MSMEs

[8] European Commission, “Commission recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC),” Official Journal of the European Union, 2003.

[9] P. Kotler and K. L. Keller, Marketing Management, 15th ed. Pearson Education, 2016.

[10] Ministry of Micro, Small and Medium Enterprises (MSME), 2025. [Online]. Available: Udyam Registration

[11] Ministry of Micro, Small and Medium Enterprises (MSME), “About the Ministry and vision for globally competitive MSMEs.” [Online]. Available: Udyam Registration

[12] “[Innovative early-stage financing for SMEs in India],” World Bank, 2017. [Online]. Available: World Bank—Innovative Early-Stage Financing for SMEs in India

[13] R. Chandran, International Business, 2nd ed. Jaico Publishing House.

[14] “Local, global and micro meaning.” [Online]. Available: Wikipedia—Think globally, act locally

[15] Slide Stone, “Slidestone.com.” [Online].