



A Study on Marketing Strategies of Small and Medium sized Enterprises

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Abstract

Small and medium enterprises (SMEs) have been the backbone of the Indian economy. The good part first. Employing close to 40% of India's workforce and contributing 45% to India's manufacturing output, SMEs play a critical role in generating millions of jobs, especially at the low-skill level. The country's 1.3 million SMEs account for 40% of India's total exports. The bad thing is that SMEs in India, due poor adoption of technology and marketing practices have led to very poor productivity. Although they employ 40% of India's workforce, they only contribute 17% to the Indian GDP. Now SME's have realized the importance of various marketing practices as now they are utilizing various marketing tools like internet platform, digital advertising in metro cities, mobile applications for customers, CRM and many more The study aims to know various innovative marketing practices at SMEs, trends, challenges and other related issues.

Keyword: Marketing Strategies, Innovation, E-marketing, CRM.

Introduction

Industrial customer gives lot of prominence to quality and after sales service compared to the consumers. The industrial buyers look forward for long term relations with the suppliers and their buying process is complex. The business buyers are well informed and they do research before placing any order to their suppliers¹. The buying centre members play a predominant role in industrial buying decision; this requires holistic marketing approach by SMEs in the contemporary industrial market.

In industrial marketing, needs of the customer can be met only through offering best quality product in time and every time. The product innovation is crucial as the majority of the industrial products are customized and not standardized. There is no scope for any error what so ever in industrial marketing because the industrial product buyers are limited and computation among the marketers is immense. The innovative marketing techniques can help the industries in building a niche for them in the market and stay ahead of time. Micro and SMEs are the major players in industrial production as they contribute 45 percent of the India's total manufacturing output and there growth perspective looks brighter.

The SMEs have traditionally looked domestic market as their main focus area and now times are changing they are also looking forward to get into international business. The 35 per cent of the total direct export is contributed by them and to achieve that e-business and e-marketing has a great role to play. The modern days industrial customers can be captivated by innovative marketing practices like digital media, creative product placement, brand consistency, internet as promotional tool to name a few.

Review of Literature

Raju T.V., and Gopal R.K. considers that key to success in industrial marketing is CRM and in need to be practiced by the organization immaterial of the size of their operation. The CRM practices need to be innovative and it should be based on the capabilities of the marketers. They propagate to classify the customer on the basis of their focus area in terms of relationship and make a cost benefit analysis before involving in CRM².

Akula Ravi believes that co-branding can strengthen the performance of the existing products. This strategy can be considered as innovative marketing idea to captivate consumers' attention³.

Agarwal, Vaishali has the opinion to evolve the consumers through innovative marketing practices through internet blogs, e-stores etc⁴.

Bhatnagar, Jyotsna says that to face the competition at international level SMEs need to look for formal cluster approach. This innovative marketing approach will help the SMEs to build on cohesive market strategies to beat competition⁵.

Dikshit, Dheeraj is having the opinion that SMEs should re-look at their business model and establish their core competencies, through innovation and technological upgrading etc. He also insists on SMEs to look beyond the domestic market to grow⁶.

Rationale

All the above mentioned literature focuses on innovation in both product offerings and marketing. The SMEs are not well equipped themselves to involve in RandD related activities. In

case SMEs come out with innovative product, the competitive advantage cannot be retained for a long because of imitation from the counter parts. On the other hand SMEs can look forward for innovative marketing techniques by focusing on their core-competencies.

Objectives: i. To know the various marketing practices applicable to SMEs, ii. To access the innovative marketing practices of SMEs, iii. To evaluate the benefits of E-marketing, internet marketing and CRM

Research Design

The exploratory research is conducted to enhance the knowledge on innovative marketing practices by SMEs. The primary data is collected from 15 managers of SMEs in Gujarat through personal interview. The necessary secondary data were collected from published journals, magazines and books.

Marketing practices

The SMEs cannot generate revenue by selling same old products to the same old market in the same old way. There is vast possibility of changing marketing practices. Almost all respondents were of the opinion that they are sailing in highly volatile market and facing cut throat competition. A few among them finding innovative marketing is the answer to this problem. To make innovative marketing technique to work, it needs to have proper planning and most of all commitment from all the people in the organization. The people at the decision making level need to consider various innovative marketing tools and adopt few or many on the basis of their workability.

Marketing Tools

There are many innovative marketing techniques, which can be considered by the managers for their enterprises. The most popular and usable tools for the SMEs for their industrial product marketing are given below:

WWW as a Promotional Tool: Last two decades has shown the Indian business houses that, what an impact an internet can make it to their business. Generating own website and promoting your products and services on globe is now cost effective. Almost all the respondents told to have their company's website and they are regularly updating. As the website should have user friendly futures and full of information. Nearly 70 per cent of the respondents not allocate any specific budget for the up gradation of their company's website and almost 40 per cent of the respondents don't take the paid services of search engine service provider viz., Google, Ask etc. This shows that organization doesn't believe in working of internet as supportive tool for their entire marketing activities.

Customer Relationship Management (CRM): The importance of CRM is known fact to each and every enterprises. As now all the entrepreneurs know that 80 percent of their business comes from their 20 percent loyal customers. So it is fruitful to invest few amount of CRM, when we asked our respondents to comment about it, they also applauded the concept. On the other hand 35 per cent of the respondents told us that they are not taking special care and measure to keep existing customers happy apart from their business commitments. The senior managers regularly attain various personality development programmes; but down the staff such as sales executive are not given the same opportunity. The SMEs should provide special training to their sales team to bring in enthusiasm and commitment for the work with new ideas and innovation².

Digital Advertising: There is a large number of ways of advertising on the internet and it is expected that advertising will grow exponentially in this connection. The companies activates can be video recorded and uploaded in the internet, which intern will help the potential industrial buyers to understand the functioning of the SMEs without making factory visit.

Mobile applications as a Service tool: Mobile applications can be used as the service tool, the regular updating of payments, receipts, and other business related information will help the customers in meeting their commitments without overlooking at them.

Reach your best qualified prospects: A great alternative to B2B marketers targeting specific industries or individuals is to take the list of prospects from the institutions, which are providing their mail, address and other details; then sending an attractive sales letter or e-mail at least three or four times to catch their attention. The other fact came from the respondents is that majority of their sales executives have stopped prospecting and they are involved only in servicing the present customers'.

Improving feedback mechanism: Marketing function totally depends on your customer information. SMEs should know exactly who are our end users, why do they purchase our products, when do they purchase in a year, how we can motivate them to do repeat purchase. They need to redouble their efforts at dialogue through social media, internet (Website) and get direct feedback from customers or clients through salespeople.

Following up leads and convert it in sales: Keep Tracking and follow up lead or prospects are complex task. The person who takes care of inbound calls should ask each and every lead or prospect about how they hear about company. The person in charge must ensure where the leads generated from. He has to keep a track on impact of online, print and broadcast advertising. He also must ensure that lead is followed-up within 24 hours of the enquiry by the potential customer.

Generate new sparks (Idea): SMEs should not rely on their small marketing team rather than they need to include each staff member even each customer to give their valuable ideas to improve their products. Manager of the enterprises need to make innovation as everyone's responsibility this fall with brainstorming sessions, company retreats or by giving special recognition to individuals with the smartest suggestions. In case organization has few employees, assemble a seasoned advisory board or form an online advisory group made up of members of your target audience to give input in exchange for sales perks. Even though the respondents were keen in bringing new ideas into the organization, but top management is not co-operative in this regard.

Cluster Approach: SMEs need to adopt cluster approach to face the competition. This approach depends on the mutual understanding of members. The cluster member must be involved in complementary product rather than competitive products to ensure the working of this approach. The formal way of establishing the cluster will enhance the market capabilities of the SMEs and it gives the cluster members more bargaining power. By this approach the SMEs can get better results and facilities from the Government and they can do co-branding to reach potential customers.

Conclusion

The marketing can function effectively only when the commitment from the management and people in the organization comes. The SMEs can easily bring in the innovative marketing practices as they don't have layers between the decision makers and the people who implement these decisions. The SMEs need to formulate their goals clearly and then evaluate the various innovative marketing alternatives on the basis of their capabilities and resources. SMEs' innovative marketing strategy can work, if it is based on clearly formulated marketing programme to reach the potential and existing customers. The 80-20 principle need to be considered by the SMEs before formulating CRM strategy.

The successful working of any organization immaterial of its size of operation depends on the people working there. In case people are happy with the work environment and work then their productivity will enhance. Therefore SMEs must ensure of providing conducive work environment for the people, where they can work together enthusiastically and joyfully for the success of the organization and their individual goals.

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