

ROLE OF MARKETING STRATEGIES IN THE CONTEXT OF MSME SECTOR

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ABSTARCT

MSMEs meet difficulties in adapting their strategies to market changes, in competing with big enterprises. Marketing management capabilities in terms of marketing research, marketing strategy, planning and implementation, control and evaluation play a key role in the MSMEs performance in the market. The existing marketing strategies reached the saturation point, where new innovative strategies need to percolate where so many MNCs have entered and created a heavy competition which has become important to understand about the strategies followed by Indian MSMEs to promote and make their products compatible in the market. This paper focuses on the marketing strategy used for Micro Small and Medium Enterprises to face stiff competition and promote their products in the market which can be develop in a suitable business environment. The main objective of the paper is to provide a framework to help MSMEs to design suitable strategies to face effective and enhancing competitiveness. The sector needs to be provided better market access facilities in order to sustain and further enhance its contribution towards output, employment generation and exports.

KEYWORDS: B2B, CRM, KVIC, MSME-DI & NSIC

INTRODUCTION

In India the Micro, Small and Medium Enterprises (MSMEs) produce a diverse range of products with the very simple products produced by household enterprises at one end of the spectrum and highly advanced ones at the other end. With globalization and changes in communication technologies, new challenges and opportunities have arisen for MSMEs. The concept and techniques of marketing have also been continuously undergoing a change with the rapid changes in technology and consumer preferences. Marketing, a strategic tool for business development, is critical for the growth and survival. MSMEs are complementary to large industries as ancillary units contribute enormously to the socio-economic development of the country. Globally fast changing economic scenario has thrown up various opportunities and challenges to the MSMEs in India many opportunities are opened up for this sector to enhance productivity and look for new markets at national and international level, and it has also put an obligation to upgrade their competencies to meet the competition as new products are launched at an astonishing pace and are available worldwide in short time. Micro, Small & Medium Enterprises do not have any strategic tools for their business/ market development as available with large industries. Presently in the competitive age, marketing is one of the weakest areas wherein MSMEs face major problems.

INDIAN MSMEs SECTOR OVERVIEW

Micro, Small and Medium Enterprises (MSMEs) plays an important role in the economic growth of the country owing to their contribution to production, exports and employment. The sector contributes 8 per cent to the country's GDP, 45 per cent to the manufactured output and 40 per cent to the country's exports. It provides employment to 60 million people through 28.5 million enterprises. Significantly, the MSME sector has maintained a higher growth rate vis-à-vis the overall industrial sector during the past decade; exports from these enterprises have been on the rise, despite increased cost of raw materials, sluggish global demand and stiff international competition. Today, the sector produces a wide range of products, from simple consumer goods to high-precision, sophisticated finished products. It has emerged as a major supplier of mass consumption goods as well as a producer of electronic and electrical equipment and drugs and pharmaceuticals. An impetus to the sector is likely to have a multiplier impact on economic growth. Apart from providing the support to the large industries, MSMEs have played an important role in the development of States in terms of the employment generation. More than 55 per cent of these enterprises are located in six major States of the country, namely, Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. The MSME sector has slowly come into the limelight, with increased focus from the government and other government institutions, corporate bodies and banks. Policy based changes; investments into the sector; globalization and India's robust economic growth have opened up several latent business opportunities for this sector.

MSMEs in India are broadly unaware of technology solutions and tools available to cater their marketing needs less than 6 per cent of Indian MSMEs with access to personal computers advertise online and a majority of these enterprises use traditional media. Many Indian MSMEs are also unaware of the effectiveness, measurability and predictability of using online advertising to reach the target audience. MSMEs face intense competition from the large domestic firms and multinationals armed with improved technology, financial strength, managerial ability, skilled workers, marketing skills, better product quality, and wide range of products. The small firms find it difficult to maintain their existence in such conditions as the Indian economy opens up to global competition; MSMEs must find ways to innovate to succeed in this business environment. MSMEs face a number of problems:

- a) Lack in training, development and consultancy activities due to lack of information which they do not recognize need for raising their production and growth.
- b) MSMEs find it hard to enter in a potentially competitive market.
- c) MSME faces an expensive and time-consuming regulatory requirement in licensing and registration.
- d) Legal requirement of the land of law prohibit their desired growth i.e. special status granted to certain states hinder them entering into high-income zone.
- e) Non-favourable and discriminatory tax structure.
- f) Rigid labour market regulations make hiring and firing difficult and expensive tends to prohibit the mobility of work force.
- g) Lack of infrastructure facilities i.e. transportation, market and communication prohibit to access information and markets.

MARKETING STRATEGIES FOR MSME'S

Marketing is a strategic tool for business development and is critical for the growth and survival of MSMEs. Due to lack of information, scarcity of resources and unorganized ways of selling or marketing, MSME sector often faces problems in exploring new markets and retaining existing ones. Such asymmetries in information, not aware of the new market where they may sell their products and buyer also having lack of knowledge about the products manufactured by MSMEs result in severe impediments to the growth and survival of MSMEs in a highly

competitive environment. MSMEs do not have sufficient resources at their command and, therefore need institutional support for providing these inputs in the area of marketing. MSMEs also need to understand that every aspect of marketing, be it their products, channels of distribution, pricing, or marketing communications, affects the customers' response to a product or service tremendously. They need to see from the customer's point of view and then decide their marketing strategy. The major part of the success of any business lies on its marketing skills and strategies. Most aspects of the MSMEs depend on successful marketing strategies adopted.

The overall marketing umbrella covers advertising, public relations, promotions and sales. Without marketing, no matter if a business offers the best products or services in their industry domain as none of your potential customers would know about it. Without marketing, sales may crash and companies may have to shut down their shutters. Marketing is one of the critical areas where MSMEs face problems. In the global arena, they do not have the strategic tools and the means for their business development, unlike the large enterprises. Constant changes in the market dynamics due to technological changes and globalization have had a profound impact on the competitiveness of the MSMEs. The whole gamut of marketing strategy for any product is required to be addressed whether it is product differentiation, incremental feature of the product, branding issue, customized and tailor-made services, clientele building, post sale servicing etc. The existing scheme of support requires be harmonizing and rationalizing to have a focused approach. The existing marketing support institutions would also be revisited with a view to strengthening the marketing infrastructure for the MSME sector and mainstream it to the major consuming areas and patterns.

Ministry of MSME has also been providing marketing support to Micro & Small Enterprises (MSEs) under Marketing Assistance Scheme through National Small Industries Corporation (NSIC). There are Governmental and non-governmental specialized agencies which provide marketing assistance. NSIC & KVIC are the devoted government agencies for providing marketing assistance to MSME units. The supports schemes are as follows:

- Organizing International Technology Exhibitions in Foreign Countries by NSIC and participation in International Exhibitions/Trade Fairs.
- Organizing Domestic Exhibitions and Participation in Exhibitions/ Trade Fairs in India.
- "Techmart" exhibition by NSIC.
- Support for Co-sponsoring of Exhibitions organized by other organizations/ industry associations/agencies.
- Buyer-Seller Meets organized by NSIC.
- Intensive Campaigns and Marketing Promotion Events.

The whole MSME sector is to provide sustenance and support to (including service sector), with special emphasis on rural and micro enterprises, through suitable measures to strengthen them for converting the challenges into opportunities and scaling new heights. The medium enterprises are also proposed to be included as the target beneficiaries in the scheme; special attention would be given to marketing of products and services of micro and small enterprises, in rural as well as urban areas. The broad objectives of the scheme are as follows:

1. Enhance marketing capabilities & competitiveness of the MSMEs.
2. Showcase the competencies of MSMEs.
3. Update MSMEs about the prevalent market scenario and its impact on their activities.
4. Facilitate the formation of consortia of MSMEs for marketing of their products and services.
5. Provide platform to MSMEs for interaction with large institutional buyers.
6. Disseminate/ propagate various programmes of the Government.
7. Enrich the marketing skills of the micro, small & medium entrepreneurs.

ACCESS TO MARKETS

Understanding of the market, competitors, technology, marketing tools and business environment are determinants of success of the MSME sector. Some of the evolved marketing strategies like niche marketing, database marketing, cluster specific marketing, guerilla marketing and relationship marketing are vital for flourishing the business without any significant hit to the bottom line. These marketing strategies, if implemented, can give the MSMEs a platform to go beyond the generic marketing applications, create greater acceptance, strengthen the brand, devise a focused approach and compete globally. Brands like Nirma, Moov, Hi-Design and Fevicol started off as MSMEs in the recent past and have successfully reaped the benefits of strategic marketing to enter, compete and gain market share from the likes of Unilever, GSK and P&G. In 1959, a small time glue manufacturer thought of marketing his products to the masses and taking his business to the next level. With successful product strategies, marketing efforts and operational efficiencies, the brand has today created a strong foothold in the market. The company's most successful brand Fevicol and its sub-brands such as Fevistik, Fevibond, Fevigum, Fevistick and Fevicryl have consistently commanded over 70 per cent of the total market share. The company has also been able to stay ahead of its competitors in both the organized and unorganized segments. MSMEs can also use proven traditional STP marketing strategies viz. segmentation, positioning and targeting for B2C and B2B ecosystems.

Technology tools like SMS, digital newsletter and electronic direct mail can be used efficiently to target segmented population broadly classified as push marketing, these media tools are cost efficient and easily accessible and also websites, yellow pages, directory listings assist to pull the prospective buyer with rational efforts. To build a competitive edge, MSMEs must tap opportunities in the international arena in the fields of technology and research and development and engage themselves in international trade. International trade fairs are an important source of market intelligence, technological advancements and innovations. Every year, industry specific trade fairs are held in the US, Canada, UK, Singapore and Dubai to create a meeting ground for sellers and buyers. Digital marketing plays a highly significant role by performing the lead function of acquisition, business development and communication in the MSME space, Internet plays an important role in reaching out to the prospective customers irrespective of the remoteness and boundaries, and showcasing the products and services in the virtual world. Globally, web marketing tools are being extensively used by MSMEs to reach out and generate leads which include social networks, website syndication tools, gadgets and RSS feeds. B2B sites have also emerged as viable platform for promoting and doing business in a much evolved and effective way. Most of the business enterprises face marketing problems, but the small and medium scale enterprises face greater difficulty in the marketing and distribution of their products. Some of the MSME do not correctly understand as to what a kind of product are actually needed by the market, how big or small is the market, when the products are needed and how to deliver such products. All these problems lead in to the isolated from the market trends and conditions and, thus, tend to restrict the operations. Some of these are as given below:

- Micro, Small and Medium Entrepreneurs tend to face tough competition from the products and sales or marketing strategies of large scale enterprises. They face the difficulty in terms of cost, quality, standards, popularity, meeting ever-changing demands/ preferences of consumers, etc.
- Lack of own marketing distribution network depends on external agencies for distributing the outputs which ultimately increases the cost of their products and services.
- Small Entrepreneurs are unaware of the modern marketing and business strategies. As a result, which are unable to cope quickly with changing market scenarios though the products has huge market potential but unable to opt for efficient marketing techniques.

- Lack of effective sales promotion because of the lack of funding and resources which cannot afford to spend much on advertising, sales promotion, market research, etc.
- Difficulty to sell the output at a profit because of higher cost of production and non-standardized quality of products.
- Selling the products at a loss because cannot bargain with the big buyers and requirement for the urgent need of working capital.
- Small business often find it difficult to tap foreign markets for their products, either due to lack of awareness on the potential markets or due to inadequate information on various regulations, guidelines and procedures for exporting to the foreign markets.

MARKETING TOOLS

There are many innovative marketing tools and 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:

❖ Customer Relationship Management (CRM)

The SMEs should provide special training to their sales team to bring in enthusiasm and commitment for the work with new ideas and innovation. CRM is the process of understanding and influencing customer behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability. Implementation of CRM by businesses provides for better allegiance with customers and ensures a rewarding relationship that provides for opportunities to the business, to deliver customer service with better efficiency.

❖ Digital Advertising

Digital advertising has a large number of ways of on the internet and is expected to grow exponentially. 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 MSMEs.

❖ Mobile Applications

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

❖ B2B Marketers

B2B is e-commerce between businesses such as between a manufacturer and a wholesaler or between a wholesaler and a retailer. It is targeting specific industries or individuals is which to take the list of prospects from the institutions, which are providing their mail, address and other details; then sending an attractive sales. Trade through online B2B portals increases the visibility of MSMEs in the marketplace and helps them overcome barriers of time, communication and geography.

❖ WWW as a Promotional Tool

Last two decades the Indian business has shown that, an impact of internet can make the business effectively. Generating own website and promoting products and services on globe is now cost effective as the company's website are regularly updating were as the website have user friendly futures and full of information.

❖ Marketing Hubs

Marketing Hub main objective is to provide facilities for manufacturing MSMEs for B2B meeting among MSMEs, wholesale and retail marketing of MSME products, exploring the export opportunities for the MSME products and to attract new customers and enhance the marketing to reach the MSMEs. In the initial phase of the project, it is proposed to setup 8 Nos. marketing hubs in the premises of MSME-DIs, in the designated cities of the country which have substantial presence of prospective MSME clusters. These marketing hubs Chennai, Bangalore, Mumbai, Indore, Jaipur, Agra, Guwahati, Ahmedabad, Delhi, Ludhiana, Thrissur and Kolkata will

preferably selected out of the 12 cities for operating these marketing hubs, the services of the available staff of the concerned MSME-DIs would be utilized.

CONCLUSION

MSMEs, is a major contributor towards growth of domestic economy and employment generation, to get adequate support in terms of policy framework, incentives and other relevant aids. Although, Indian MSMEs are finding it difficult to sell their products in the domestic and international markets because of increasing competition to make their products globally competitive, Indian MSMEs need to up-grade their technology and put more emphasis on innovation. The tools help MSMEs to improve their performance and gain real time insight about the business. MSMEs can vastly improve the effectiveness and accuracy of business planning without implementing a large and expensive system and also would help to improve their sales, optimize inventory, understand customer and product behavior patterns, etc with a view to build up more efficient, robust, progressive & profitable business.

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