

A STUDY OF RECENT AND PREVIOUS MARKETING STRATEGIES IN SMALL AND MEDIUM SCALE INDUSTRIES: A REVIEW

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ABSTRACT: Marketing strategies are the indispensable part in the functioning of any organization. It has got its importance due to the extraneous factors associated with the marketing functions. A company can be best positioned in customers mind with a rigorous and varied marketing strategy. A successful marketing strategy is the result of careful marketing research conducted efficiently in order to seek solution for any predetermined problem. A marketing problem primarily revolves around the components of marketing mix. Today the increasing scope of marketing function has even enhanced the scope of problem areas. *SME's* the nicked name of Small and Medium scale Industries today, have increased upon their contribution in process of industrialization than some prior decades. The *SME's* are changing upon their pattern of operations and industry functions in order to be more competitive and endurance in the industry. Today due to globalization its role has contributed to a huge scale in influencing the distribution and marketing strategies in industries. The aim of this paper is to review and compare the previous and recent marketing strategies in small and medium industries, as in comparison to previous times the awareness and reactivity of *SME's* towards market have increased to a great extent. The study would facilitate in developing an understanding of the changing outlook of *SME's* towards market orientation. Research illustrates that *SMEs* in pursuit of organizational goals do not adopt the marketing concept to the same extent as larger firms. The source of information used for the study was secondary data sources. After getting the insights of the data it can be understood that during early period of time, the *SMEs* were not focusing much on marketing function due to several constraints of capital, technology and lack of marketing orientation. But with the introduction of Information Technology, internet, media and many more their outlook towards marketing has changed to a great extent.

KEYWORDS:- Marketing Strategies, *SME's*, marketing, industry, customer.

INTRODUCTION:-

Marketing strategies are the indispensable part in the functioning of any organization. It has got its importance due to the extraneous factors associated with the

marketing functions. According to Aremu and Lawal (2012) A decision of organization regarding resource allocation can be said as a strategy. A company can be best positioned in customers mind with a rigorous and varied marketing strategy. A strategy is a sequential process of analyzing the market, its environment, buying behavior of customers, competition and its activities, need and capabilities of marketing intermediaries etc. Marketing strategy therefore, can be defined as a method by which a firm attempts to reach its target markets, Marketing strategy starts with market research, developing vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programs to meet the value requirements of the target markets (Mustapha 2013). The role of globalization has also contributed to a huge scale in influencing the distribution and marketing strategies in industries. The practice of marketing in any industry has got a formal structure constructed on the basis of careful planning which is sourced by information from the market and marketing research which helps in guiding the proper market to be entered. It also helps in deciding a proper marketing mix composition so that the product and company image can be best positioned in the marketplace. Evidences from past researches have shown that the marketing concepts and tools have helped many entrepreneurs in achieving a high level of success in the market.

In the world of marketing, marketing research is the most fascinating facet. The advancement of effective marketing strategies is based on consumer and his behavior understanding. According to Curry (2007), marketers run the risk of not achieving their marketing objectives if they fail to conduct a thorough and comprehensive marketing research. A research based marketing strategy serve as elementary marketing plan which is designed to fulfill the needs of the market and needs and accomplish objectives of marketing function. The 21st century is relatively complex and hard to be competitive in the market and for marketing professionals. The modern market is very dynamic and so accumulation of information about traditional marketing concepts and tools could not only serve the purpose. Thus for sustainable survival it is necessary to acquire additional marketing skills to compliment the

marketing practices. A strategy with full of innovativeness and different opportunity driven approach should be followed for competing in the market.

The role of marketing practices in small and medium enterprises came into consideration due to the immense competition and spreading scope of businesses. Progressively newer technologies and innovativeness in various functions of their operations are occupying space in the organizations. The environmental factor equally plays an important role in scheming of the marketing strategies. The factors like marketing mix, performance analysis and strategic constraints comes under the scope of environmental factors. The external environmental factors includes the analysis of customers, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success of the organization. Thus it is important for marketers to keep marketing strategy in line with a company's overall mission statement.

LITERATURE REVIEW:-

Marketing Strategy:

Marketing strategy has become an essential part of every organization in present times. The word 'strategy' is ancient and has got its name from the Greek word Strategies which means art of army general. Effective Army Generals are needed to win battles and protect territories. In the words of Achumba (2000) a marketing strategy is a step of selected actions by an organization for meeting their marketing objectives. According to Owomoyela, et al. (2013) Gbolagade, Adesola and Oyewale (2013), the organization always forms a goal while designing its marketing strategies is to establish, build, defend and maintain competitive advantage from market rivals.

A strategy is a method, technique or a plan through which an individual or organization aims to achieve success in the marketplace or the society. Gleuck (1984) as cited in Achumba (2000:2) defines strategy as an integrated, all-inclusive and unified plan linking the strategic advantage of the organization to the challenges of the environment. It has been further added by him that those companies which not only wishes to survive but also wants to progress upon their marketing effectiveness and efficiency must discover how to create and improve sound marketing strategy. The concept has taken an important role globally and it helps in sustaining in competitive market environment. Marketing strategy is an important requirement of an Industry's potential to be stronger enough to hold its

market share and minimize the impact of the competition (Adewale, Adesola, & Oyewale, 2013). Owomoyela, Oyeniyi, and Ola, (2013) has a different view and they say that marketing strategy is the way through which customer satisfaction is tried to be achieved by providing quality product, affordable price and wider distribution backed up with effective promotion strategy. (Adewale et al, 2013).

The potential of any marketing strategy can be drawn basically from the overall strategy of the company. Thus it can be said as those marketing programmes and plans which are designed to achieve the objectives of the enterprises. A marketing strategy figure out the direction and tactical plan that is followed by the marketing teams in order to support the company's overall objectives (Ebitu, 2015: 278).

Marketing strategy is the best way of representing the organizational resources and plans to achieve marketing objectives. It explains the opportunities to be tapped by the organization indicating the specific markets towards which activities are to be targeted, and identifies the types of competitive advantage that are to be developed and exploited (Weitz & Weasley, 1988 in Dibb, Simkin, Pride & Ferrel, 2006: 37).

The small and medium scale industries are finding themselves more competitive globally as well as locally. SME marketing efforts are hindered by various aspects such as the size of the business, lack of marketing knowledge, poor cash flow or small budget and tactical and strategic customer-related problems (O'Dwyer, Gilmore & Carson, 2009, p. 46). Thus a proper marketing strategy may lead them to improve on their business performance and efficiency. However, despite various hindrances SMEs face in implemented marketing activities, the business activity remains essential to the success of the business. It therefore becomes important that the marketing activities that contribute strongly to a SMEs performance be identified (Walsh & Lipinski, 2009, p. 570).

Definition of Micro, small and medium enterprises:

The Micro, small and medium enterprises can be classified in two classes as per the provisions of (MSMED) Act, 2006. They are:

1. Manufacturing Enterprises
2. Service Enterprises

The manufacturing Enterprises are the one which are engaged the manufacture or production of goods as mentioned in the first schedule to the industries (Development and regulation) Act, 1951). Also it can be

those which are employing plant and machinery in the process of value addition to the final product having a distinct name or character. The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery and the Service Enterprises are those engaged in rendering services and are defined in terms of investment in equipment.

Following table shows the limit of investment in plant and machinery or equipment's in manufacturing and service enterprises:

Manufacturing Sector	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	Investment in equipments
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

In Feb, 2018, the government of India has proposed and approved some amendments in bringing changes in classification of Micro, Small and Medium enterprises from 'investment in plant & machinery/equipment' to 'annual turnover'. The changes are expected to be growth oriented and aligned with the new tax regime under GST (Goods and Service tax). This new definition would now be placed before Parliament in the form of a Bill for Amendment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, amendment of Section 7 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 will be proposed to define units producing goods and rendering services in terms of annual turnover as follows:

- A micro enterprise will be defined as a unit where the annual turnover does not exceed five crore rupees;
- A small enterprise will be defined as a unit where the annual turnover is more than five crore rupees but does not exceed Rs 75 crore;

- A medium enterprise will be defined as a unit where the annual turnover is more than seventy five crore rupees but does not exceed Rs 250 crore.
- Additionally, the Central Government may, by notification, vary turnover limits, which shall not exceed thrice the limits specified in Section 7 of the MSMED Act.

The presence of SME's in Indian Economy:

This section would emphasis on the contribution of MSMEs in boosting of Indian economy. The MSMEs are the important pillars in the development of any country. Small and medium enterprises are the backbone of industrial development (Puma 2013). They are even said as the growth engine for India (Dun & Bradstreet 2012). SMEs work as a model of economic development contributing in domestic production, income from export, employment and much more. At present there is a contribution of 40% in the industrial production and 35% of the country exports are accounted from this sector. The sector is next to agriculture in employing 14 million of the population approximately. Overall, the performance of small industry sector has contributed in a considerable manner to achieve industrial growth and diversification.

The role of MSMEs have been increasing day by day in the development of Indian economy and holding a place of pride. The realization of the fact by the Indian government has lead to the designing of endeavoring plans, policies and programs in order to make MSMEs more functional and feasible to work. The contribution of MSMEs is not only in commitments towards employment, exports, industrial output, but at the same time improvements in promoting and polishing fresh talent supporting entrepreneurship, this way facilitating the social improvement (Suryanarayanan & Kelkar, 2011). The inevitable significance of MSMEs could not reduce the troubles in general. They are still facing the so many flaws which are preventing them to compete well in the market. According to Das (2008), the significance of MSMEs to the economy is incomparable but still are not able to cope up with different challenges, essentially due to difficulties in the area of credit & financing, inadequate infrastructure and lack of technology. He also adds their potential to grow and foster innovation is dependent on the availability of physical and economic infrastructure and its accessibility at reasonable costs.

Major constraints in SMEs, affecting business performances:

Small and medium industries are facing so many problems in their stride of development. N. Aruna (2015) say that MSMEs are dealing with various issues

and problems like timely banking finance facilities, availability of suitable technology, marketing problems, availability of limited resources, lack of skilled man power etc. Her study identified that financial constraints and also issues relating to power and non-availability of skilled man power, raw material etc. Ishu Garg & Suraj Walia (2012) says that Small Scale Industries (SSI) is facing numerous problems relating to obtaining credit, identifying technology, industrial training, quality control etc. SSI's are facing numerous problems from large and medium enterprises in aspects of production and marketing.

In developing countries, Micro, Small and Medium Enterprises (MSMEs) form a large portion of industrial composition. Especially in India, post-independence era, MSMEs have been a dominant force by means of their contribution to income and employment generation abreast problems of disparities. Despite an intricate policy framework, their progress is hampered by few basic constraints for instance finance accessibility, lack of technical know-how and skilled manpower, inadequate infrastructure in suburban and rural areas. This research was able to rank the priority of these aforementioned problems alongside the appraisal of MSMEs to Indian economy.

Small and medium industries are facing so many problems in their stride of development. N. Aruna (2015) say that MSMEs are dealing with various issues and problems like timely banking finance facilities, availability of suitable technology, marketing problems, availability of limited resources, lack of skilled man power etc. Her study identified that financial constraints and also issues relating to power and non-availability of skilled man power, raw material etc. Ishu Garg & Suraj Walia (2012) says that Small Scale Industries (SSI) is facing numerous problems relating to obtaining credit, identifying technology, industrial training, quality control etc. SSI's are facing numerous problems from large and medium enterprises in aspects of production and marketing.

In developing countries, Micro, Small and Medium Enterprises (MSMEs) form a large portion of industrial composition. In India the role of MSMEs has been predominantly contributing in income and employment generation even with so many problems of disparities. Although many programs and policies have been designed by the government for development of MSMEs but still their growth is hampered by few basic constraints like finance accessibility, lack of technical know-how and skilled manpower, inadequate infrastructure in suburban and rural areas. In spite of their tremendous potential, the MSMEs faces several

difficulties, there have been high cost of traditional credit, restricted access to equity capital, raw materials at a competitive cost, unsuitable infrastructure, low technology levels, dearth of skilled manpower and lack of resources for marketing and competency, lack of access to global markets (Haridas, 2010).

Penumaka (2009) observed MSMEs has encountered a variety of problems. Credit requirement for the day to day operations - remains a major restriction. Technical obsolescence, lack of skilled manpower, scarcity of raw materials, infrastructure inadequacies, marketing bottlenecks, suboptimal quality specifications, competition from large businesses and management issues are some of the better known difficulties dealing with the industry. De (2009) further fortifies this contention, MSMEs in India face numerous difficulties, yet maybe none is as troublesome as the challenge of financing, both short term and long term. For MSMEs, the financing model was fundamentally different from large firms. As much as 50 percent of MSMEs aggregate yearly financing originated from alternative sources. Friends and family equity represented an inconceivable extent of their alternative finance, followed by trade credit, indicating that they are less profitable. Also, the smaller the unit, the higher is the extent of alternative financing in the aggregate. These discoveries paint a dismal picture of the condition of SME financing. As per the Special Group Report, the major problems faced by the SMEs sector relate to: Credit, Infrastructure, Technology, Skill Development and Marketing.

Marketing practices of SMEs:

Marketing is the most significant function of an organization required for the growth of any business. It helps in creating an awareness about the product in the market or else nobody would know of their existence (Hawes in: fin24 2013). SMEs due to their small scale of operations and lack of experience in the market face various challenges as discussed in the previous section. Small business success is dependent not only on the presence of products and markets, but also on the efficacious marketing of those products within those markets (Smith, D., 1990). Small firms in the beginning phases often face marketing challenges which can determine the success or failure of the business. Srinivasan. R. in 1997 quotes in State Bank of India Report which identified that financial management, lack of planned and organized approach are the major cause of failure of SMEs. Research indicates that small businesses tend to have a higher failure rate as compared to large organisations, although they are commonly perceived as an engine of a country's economy (Woldetsadik Kagnew Abebaw, Sisay Mulate, Lemma Nigussie., 2018). Starting and operating a small business

includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, J. G., Petty, C. W., Moore, J. W. and Palich, L. E. 2006). Lack of credit has also been identified as one of the most serious constraints facing MSEs and hindering their development (Oketch, H. O. 2000).

Marketing can take on a variety of forms; however, the two main methods that are prominent in modern day society are that of traditional and e-marketing activities (Salehi et al 2012:385). Traditional marketing tools can be described according to Taherdoost and Jalalivooon (2014) as business cards, magazines, newspapers, posters, commercials on television as well as brochures and billboard. In essence traditional marketing includes all promotional efforts except digital marketing tools. Traditional marketing tools fall under four categories, namely print media, Broadcast media, Direct mail and telemarketing (Marketing-schools.org, 2012; & Seriously simple marketing, 2015). While new forms of marketing communication are emerging in the 21st century such as e-marketing, many businesses still make use of traditional marketing tools to promote their merchandize, and especially small businesses, due to their limited marketing budgets (Marketing-schools.org, 2012). Traditionally during early times the SMEs had less focus on marketing practices due to their small size and other problem areas like competition with larger firms, inadequate infrastructure and lack of social support, high taxes, lack of accounting knowledge, managerial incompetence, poor marketing and sales efforts, poor economic conditions, inadequate planning of operations, financial problems. Thus common forms of advertising methods that one sees every day, and has four main categories, namely: telephone, broadcast, print and direct mail were used as marketing tools by SMEs (Marketing-schools, 2012). Common marketing techniques for SMEs according to Walter (1990) in Etim (2010) include networking, word of mouth, customer referrals, yellow pages, directories, television, radio, outdoor advertising, print media, e-mail marketing and internet. Although some of these techniques are expensive, if properly utilized they can catapult SMEs to a greater height.

In contrast e-marketing can be seen as the use of information technology to communicate, deliver value and build relationships with one's customers in such a way as to benefit investors and the organization as a whole (Liew & Loh in: Rentchler & Hede 2007:38,40). Essentially e-marketing can be seen as the result of

information technology (IT) applied to traditional offline marketing principles and techniques (Hasan 2011:201). Amhed and Hussain (2014:189) found in their study of comparison between traditional marketing and e-marketing identified that the cost involved in e-marketing is relatively low which makes it a viable option for small businesses and so makes e-marketing more affordable to small entrepreneurs than traditional marketing.

For achievement of marketing goals in SMEs, the management becomes an essential element (Thornton & Kagan 2005). By this it is meant that measures taken by the management becomes very important for the performance of SMEs. The overall performance of SMEs gets affected with the decision making capability of the entrepreneur. Hendrick & Singhai (2005) argue that management actions and managers activities are very important in today's business activities. The actions and dealing done by management in SMEs decides whether the enterprise performs effectively. SMEs often attempt to benchmark competitors or related service industries to improve key business processes. Competition is escalating, both from traditional players and from new entrants, owing to deregulation. Changing consumer needs and behavior, disintermediation, globalization are all the dynamics being faced SMEs. ICT is also having its impact (Chorafas, 2014). Ardjouman (2014) advocates that the increase in innovation adoption is a largely defensive measure against increasingly sophisticated and highly escalating competition, demanding consumers and the necessity to control and reduce rising costs. Even though a number of studies have been done on strategies leading to failure or success of SMEs, none has been geared towards the significant of marketing management strategies in enhancing performance of SMEs.

Traditionally it was hard to focus on the marketing functions by small and medium firms. The use of rare marketing practices has been evident from the researches of various authors such as Stokes (1994); Gilmore, Carson and Grant (2001). Due to smaller size of these firms they were more dependent on owner's capability of decision making and skill. Marketing activity within the small firm is related to the owner/manager's attitude to, experience of, and expertise in marketing. The small firm owner/manager has little time to think strategically about the business (Brown, J., 1995), with resource constraints necessitating intuitive decision-making (Tibbits, G. E., 1981). It was also the lesser formal training leads to the reduced orientation towards marketing strategies. Evidence suggests that many successful small businesses do not practice what is conventionally described as strategic management

(Pleitner, H. J., 1989). Formal marketing planning is often rejected by SMEs due to a number of reasons. First, the top-level corporate goals (survival vs. growth) might impact the organizational function of marketing.

Varinder Kumar in 2002, in his study entitled, as marketing practices in Small Scale Industries a Study of Engineering Industry of Punjab, has studied the importance of product, pricing, promotion and distribution aspects of marketing. He emphasizes the effect of marketing environment on small scale industries with difficulty in performing their marketing functions even with the government Assistance.

CONCLUSION:-

The Small and medium industries are the future of Indian Economy. The condition of SME's are not that vulnerable in India as it was some decades before. Today with the support of government, self-initiative programs and market awareness of entrepreneurs, their status has improved to an extent. With the support of government many plans and programs have come into existence and many more are in pipeline for being implemented. From previous researches it came to the consideration about the major reasons for the failure and success of SME's during present and early times. Now the need of the hour is to understand the essence of implementation of proper marketing strategies in SME's. Efficient marketing strategy is a tool for their success. For this educational trainings should be conducted by government for the entrepreneurs and for promoting SME's and preventing them from extinction. Today the marketing practices have mostly concentrated to e-marketing and its various parameters. SME's can very comfortably make use of it and many are using it for the development of their businesses. Although other practices of marketing do not completely loosen its significance but still the present environment supports more to internet marketing than the traditional marketing practices. Thus along with other traditional marketing practices SMEs should make best use of information technology in order to be competitive in the market.

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