

Business Promotion strategies for small enterprises

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Abstract

Liberalization, privatization, and globalization have brought many challenges and opportunities for business firms. Global competition, technological advancements and varying needs of consumers are continuously changing the competitive paradigms. This makes all enterprises to understand the complexities and essentials of markets and to improve and sustain competitiveness. Response to such complexities and opportunities can be met by formulating appropriate strategies. It is possible that such environment may affect enterprises of different size and different sectors and regions differently. The study of marketing in SMEs has been recognized as a problematic area for researchers for over 20 years (Chaston and Mangles, 2002; Siu and Kirby, 1998). Small and medium firms cannot do conventional marketing as large organizations do because of the special characteristics of small firms. Hence the paper is an attempt to study and to suggest various innovative marketing strategies that may suit the small firms to market their goods.

Introduction

Post liberalization period in the Indian economy has brought many challenges and opportunities for business firms. Competition at global level, technological progress and varying needs of consumers are continuously changing the competitive paradigms. This makes all enterprises to understand the complexities and requisites of markets so as to improve and sustain competitiveness.

Small scale enterprises constitute a vibrant and dynamic sector of the Industrial economy of India. This sector has always recorded good growth in terms of manufacturing, employment generation and economic growth over the years. SMEs have been established in nearly all sectors of the Indian economy. The sector is less capital intensive and thus suits the Indian economic

environment which possesses financial limitation and huge population. It is highly labor intensive and can build upon the traditional skills and knowledge. Small firms have limited resource for them whereas at the same time competitive resources are possessed by large firms, hence small firms need to carefully devise potential marketing strategies to identify unique competencies.

Academic studies have shown that marketing plays a significant role in all enterprises. Small firm marketing has unique characteristics that differentiate it from that of large organizations (Fillis 2002, Gilmore et al. 2001). Small and medium entities cannot do conventional marketing as large ones do (Verhees and Meulenber, 2004; Gilmore et al., 2001). It is one of the biggest problems owner-managers face in their business operations.

Gyampah et al (2001) observed that small firms with limited resources are expected to perceive its business environment as being different from that of large firms with perhaps more resources and it is also likely to face different environment pressures with regard to market competitiveness. The approaches that large firms use to benchmark their competitors and negotiate with suppliers are expected to be different from the approaches used by small firms (Vickery et al, 1999).

Rationale

Marketing involves a large number of activities to be performed. These are categorized into four groups product, price, place and promotion. Marketing theory has been developed mainly based on studies on large organizations. In the literature it has been argued that marketing in large firms differs from that in small due to the special characteristics of the latter. One of the elements of marketing mix that is promotion is dealt in the study. Business promotion means marketing activities that are used to create awareness, remind, influence and retain the target customers. Consequently, there is a need to examine what innovative promotional tools small firms can adopt with the constraint of resources.

Review of Literature

Several researches has witnessed that nowadays small enterprises are also continuously adopting innovative marketing strategies to mark their presence in this competitive world. Much of this successful marketing is driven by innovation, however, to date, the prevalence of Innovative

Marketing Research has focused on firm-specific characteristics of innovation, and/or the effect of external environment (Wolfe, 1994).

Raju T.V. and Gopal R.K.(2006) consider that key to success in industrial marketing is Customer Relationship Management and in need to be practiced by the organization immaterial of the size of their operation. The CRM practices need to be as innovative as the customer satisfaction factor to play an important role in today's market. With the change of philosophy and the trends in the market, the need of the CRM activities came into the existence.

Akula Ravi(2008) believes that co-branding can strengthen the performance of the existing products. This strategy can be considered as innovative marketing idea to captivate consumers' attention. With the shift in the technology, consumers are more tech-savvy and internet blogs, e-stores etc are the innovative marketing practices adopted by SME the conclusion drawn by Agarwal, Vaishali(2009)

Bhatnagar, Jyotsna (2008) opined 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 competition. Whether the companies is large or small the ultimate aim is profit maximization and to beat the competitors the companies need to market their products to generate the sales (Carson, 1993).The marketing function in SMEs is hindered by constraints such as poor cash flow, lack of marketing expertise, business size and strategic customer-related problems (Doole et al., 2006).

Vasanth Kiran , Mousumi Majumdar , Krishna Kishore(2012)in their study tried to find out the gap between the small and large enterprise in terms of the importance and problems in innovative marketing in SME. They came up with model which says that in a situation where consumers are flooded with the informations of various products in a single second the SMEs should have an integrated business strategy which combines Business and Market insights, Brand Positioning, Processes and Management and Operational Marketing.

Jay Y Trivedi(2013) tried to find out the various marketing practices applicable to SMEs and to evaluate the benefits of E-marketing, internet marketing and CRM. They collected their data by different 5 managers of SMEs in Gujarat through personal interview and concluded that in 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. SMEs' innovative marketing strategy can work, if it is based on clearly formulated marketing programme to reach the potential and existing customers.

Promotional strategies for small firms

Due to the shift in the technology and the taste in the customer preferences, the SMEs need to adapt these new innovative practices for promoting and expanding their business. Implementation of the few innovative practices can help the SMEs to fasten their decision making process and get closer to being customer oriented.

Events

Organizing, sponsoring and participating in various events like *fairs, exhibitions, school and college promotion, flash -mob, nukad natak* will be a good platform for small enterprise where they can have direct interaction with their target customers. Events provide an opportunity to induce the feelings for the product and give a real time experience.

CSR

Since the 1990s, environmental and social factors have become increasingly important strategic considerations for enterprises of any size. To be in the good books of the existing and potential customers, small enterprise too should continuously do activities related to social cause. Some common practices which a small enterprise can adopt are:

- *Say no to Polybags*
- *Minimizing pollution level*
- *Tree Plantation near the factory area.*
- *They should follow the rule of equal wages to all*
- *Child Labor should be strictly prohibited at their workplace*
- *Maintaining the quality of the product and checking on regular basis.*

Website

It is a certain aspect to understand the importance and benefits of internet in today's competitive era. Malosi (1999) intimated that internet is growing faster than all other communication technologies that have preceded it. This promotional tool is efficient, cost effective and its reach is unassuming and overwhelming. SMEs can create their own website and promote their products and services at a global level. Social media now a days is also one of the most effective and affordable ways to be in touch with customers.

Direct- Marketing

This is the most effective tool for small enterprise as this is the direct channel to reach and deliver goods and services to customer without using marketing middleman and avoiding unlikely costs by using direct mails, bulk SMS, telecalling.

Advertising

It is indirect in approach & has a long term perspective, like brand image and brand recall. Being flexible and selective in nature, it is the best medium for SME for advertising their products. Local newspapers, local radios, Paper inserts, local magazines, and outdoor medium such as pamphlets, posters, banners, hoardings etc are the conventional mediums through which the SME can reach the target customers effectively and efficiently in minimum cost. Due to high competition, co branding is also in practices nowadays, where two companies either promote their products together in a single medium or they pool their resources to promote each other's products which can be termed as barter advertising. e.g.,Newspaper Dainik Bhaskar promoting Sanchi Milk and Sanchi Milk packages promoting Dainik Bhasker.

Sales promotion

It makes the consumer to take a favorable purchase decision by providing one or other kind of direct inducement like discount, price off, gift, coupon etc. It is a short term & direct approach and expects an immediate response in terms of sales. Free samples, premiums, exchange offers are effective method of sales promotions in the introduction stage of any SME.

Small firms can also make use of guerrilla marketing where the promotion is unconventional, unexpected and usually indicative of a unique, memorable reaction from or interaction with the viewer.

Conclusion

Keeping in mind the various constraints of small firms, strategies have been suggested which small firms can use to promote their products and services such as participation in trade fairs, exhibitions, haats, melas and mandis, school and college promotions, nukkad natak, flash mob, co-branding, guerrilla marketing, use of websites and social media, sms, telecalling, banners, posters, inserts etc which are economical and can be effective if properly leveraged.

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