

Marketing Strategies of Small Scale Industries: A Review

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ABSTRACT: The aim of the paper is to investigate the factors influence the price decision, selection of distribution channels by the SSI. In the era of globalization small manufacturers are facing lot of problem in area of marketing mix such as product planning and positioning, pricing and distribution issues. The entrepreneur’s perception relating to these various issues have been highlighted in this paper. A number of statements indicating the marketing mix issue have been developed and the respondents were asked to express their level of agreement/disagreement with this statement on five point Likert scale the major finding reveals that small manufacture are not using well versed with the marketing mix techniques and do not use latest marketing tool such as e-marketing or web marketing.

The promotion of the products by advertising is not prevalent among these units. The major findings reveals that government policies is not favorable for the small scale industries and government not providing any financial help to the small scale industries .The promotion of the products by advertising is not prevalent among these units.

I. INTRODUCTION

Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results. Commonly, marketing strategies are developed as multi-year plans, with a tactical plan detailing specific actions to be accomplished in the current year. Time horizons covered by the marketing plan vary by company, by industry, and by nation, however, time horizons are becoming shorter as the speed of change in the environment increases. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned.

Environmental factors include the marketing mix, plus performance analysis and strategic constraints. External environmental factors include customer analysis, 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

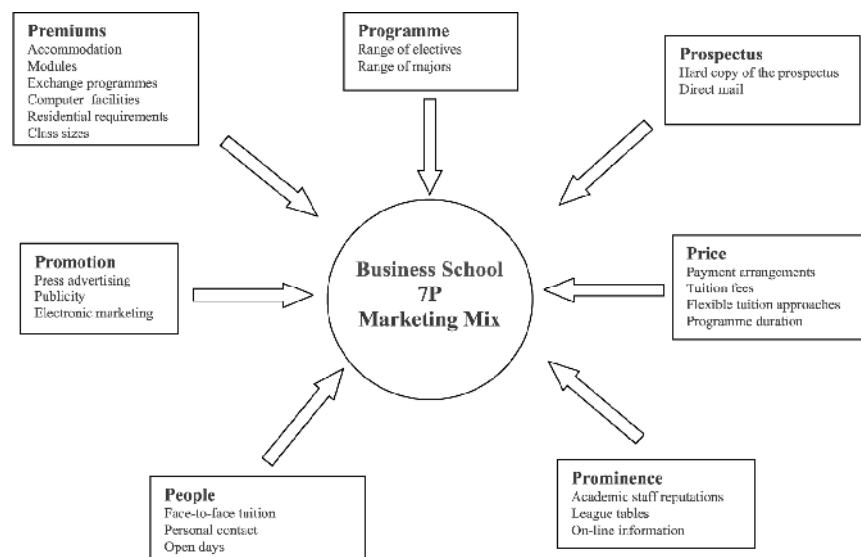


Fig. 1. Decision Factor.

A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

The term "marketing mix" was coined in 1953 by Neil Borden in his American Marketing Association presidential address. The marketing mix is a business tool used in marketing products. The marketing mix is often crucial when determining a product or brand's unique selling point (the unique quality that differentiates a product from its competitors), and is often synonymous with the 'four Ps': 'price', 'product', 'promotion', and 'place'. However, in recent times, the 'four Ps' have been expanded to the 'seven Ps' with the addition of 'process', 'physical evidence' and 'people'. Recently, 'four Cs' theory is also in the limelight.

The scarcity of capital in India severely limits the number of non-farm jobs that can be created because investment costs per job are high in large and medium industries. An effective development policy has to attempt to increase the use of labour, relative to capital to the extent that it is economically efficient. As a matter of fact, small scale sector has now emerged as a dynamic and vibrant sector for the Indian economy in recent years. It has attracted so much attention not only from industrial planners and economists but also from sociologists, administrators and politicians.

II. LITERATURE REVIEW

Hallberg (2000) dealt with small and medium scale enterprises and how governments and aid agencies can best encourage their development. The investigation provides a different look at the issues and provided a market-oriented strategy for SMEs. Gilmore *et al.* (2001) reported networking as an inherent tool for marketing which is wholly compatible with SME decision-making characteristics in relation to marketing activities. It was illustrated that in case of competitor collaboration, it is balanced with caution when it is felt that the benefits enjoyed by each party are proportionate to their respective inputs and managers will guard against speaking too freely about certain things, especially any plans they might have for substantial changes to the firm or its direction. Wilfried Luetkenhorst (2005) stated that the role of the private sector as engine of growth for poverty reduction. He reviewed UNIDO's approach to achieve productivity enhancement of SME's and also examined the development contributions and functions of SME's. The main purpose of UNIDO programme is to foster developing countries exports by enabling SME's to overcome the information and scale problems associated with exporting, mainly at early stage of exporting. UNIDO is particularly concerned that its support to lower income level of developing countries, the prevalence of SMEs was particularly pronounced. UNIDO's role to the global poverty challenge assigned a key role to the build-up of local productive in mainly private sector full growth.

Abdullah *et al.* (2008) comments on limitation faced by SME legal practitioners especially in the area of marketing of their services. Their study suggested on possible approaches for legal practitioners in exploiting marketing tools and techniques for their business success. According to them government should play a vital role in educating the SMEs. Also, the legal practitioners must be very creative and innovative in fully exploiting other marketing devices which are still acceptable by law to promote their services. Nichter and Golmark (2009) investigated factors associated with SMEs growth i.e. (1) Individual entrepreneur characteristics; (2) firm characteristics; (3) relational factors and (4) contextual factors. They further suggested that other researchers could keep in mind firms' opportunities and capabilities, as well as to other mechanisms by which factors potentially affect MSE growth. Hakimpoor *et al.* (2011) hypothesize that the size, formality, diversity, density, stability and flexibility of marketing network will positively moderate the relationship between SMP and SMEs' performance to test the validity of model. The authors were intended to fill up the gap about the lack of research on SMP-Performance relationship in SMEs' context. And they proposed that structural dimensions of marketing network are important moderators on relationship between strategic marketing planning (SMP) and SMEs' performance

Yen and Chew (2011) found that the SMEs performance was based on competitive marketing strategy, relative marketing strategy and business environment. Study also proved that only effective marketing could help SMEs to gain competitive advantage and superior performance. Their study provided the best picture of the determinants' of construction SMEs performance. Limitation of their study was low response rate than expected sample size.

III. IDENTIFICATION OF PROBLEM

- Small scale industries are unable to find new market for their products.
- The industry is not using marketing techniques to sell the products.
- No work has been done to satisfy or follow –up the consumers.
- The organizations have not focused on distribution and logistics.

A. Objectives of the Study

The main objective of the study is to develop marketing strategies for the small scale industries. To achieve these main objective organizations need to achieve more sub-objective like:

- To Workout the 4ps decisions effectively in the organization.
- To strengthen the marketing intelligence system.

Hypotheses

For this purpose, the following null hypotheses were framed:

1. Service Provider

H1: Service provider is satisfied from the prevailing marketing strategies formulated by their corresponding SSI units regarding Product, Price, Place, and Promotion.

H2: Market intelligence system has a significant effect on performance of service providers.

2. Customer:

H3: The customers are satisfied from marketing strategies adopted by SSI units regarding Product, Price, Place, and Promotion .

H4: Consumer are satisfied from market awareness and information provided by the SSIs.

B. Research Design: Exploratory cum Descriptive

Research design is defined as the plan, structure and strategies of investigation conceived as to obtain answers to research questions. Research design will include the exact sequence of the research activities, data collections techniques etc.

Nature of data: The sample survey will be conducted into a City. The structured questionnaire will be used. Though the study is primary in its nature but sill exploration will be done at early stage of research work to identify different factors of SMEs for its growth, efficiency and effectiveness.

C. Limitations

Each and every work has two phases' significance and limitations. Same in the case of this research study, it is beneficial when we are going to develop marketing strategies and expansion of business but on the other hand this studies also have some limitations such as:-

- The primary data collected is restricted to specified zonal.
- The response to the customer questionnaire may have been biased.
- The sample size chosen for the questionnaire (for market customers) was very few and that may not represent the true picture of the requirements of study.
- Most of manager level persons are always busy in their work so they give me less time for guidance.

IV. ANALYSIS

From the population of small scale industries, 60 units of service provider on the random basis are selected. T-test is used for data interpretation for the service providers. The Information provided by the service providers are segmented into five factors which include marketing mix (product, price, place, promotion) and market intelligence system.

V. FINDINGS AND CONCLUSION

Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results. Commonly, marketing strategies are developed as multi-year plans, with a tactical plan detailing specific actions be accomplished in the current year. This study reveals following findings that small scale industries not using appropriate marketing strategies in the highly competitive environment. Small scale industries are weak in differentiation strategy .As small scale industries are following low cost pricing strategies, so it is also essential to follow product differentiation for product development. The small manufactures need to use selective product positioning strategies for different products because same product positioning strategies for all products are not beneficial.

Further, the SSI's needs to be very careful about price decision because of highly competitive environment. Product should be offered at highly competitive price after doing comparative market analysis. The finding of the study shows that small scale industries are highly satisfied regarding their product's price and pricing method. But SSIs should concentrate on pricing strategies because it affect their overall marketing strategies .Customer also highly satisfied from pricing of the small scale industries products. SSIs should focus on cutting the product cost at the operational and marketing level with use of latest management approaches.

Small scale industries are not satisfied their distribution channel or place so small industries need to improve their distribution channel for maximum coverage of the buyer. For maximum coverage of the market latest technology e-marketing or web marketing may help the small manufacturer to place the product to large number of buyer. Customers also highly dissatisfied from the distribution channel and current method of convenience of the small scale industries. Small manufacturer should adopt new methods of the convenience to the customers. It is not possible to carry out all strategies simultaneously but a set of strategies that can serve as a skeletal framework for customized approach is necessary to contact more customers towards the small scale industries products.

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