

MARKETING STRATEGIES AND POLICIES RELATED TO MICRO AND SMALL ENTERPRISES: A CASE STUDY

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Abstract

The information available from District Industries Centre, Latur district is used for the present study. A sample of 80 Micro and Small enterprises selected among 1693 registered units under specified type of industries. A two stage stratified simple random sampling technique will be adopted for selection of samples. The prime intent of the present paper is to study the micro and small enterprises from Latur district. This study analyzes the sources of finance to establish MSEs and elaborated marketing mix strategies used for selling of their products. Furthermore, the study emphasis on technology adopted for marketing and identifies troubles faced by the entrepreneurs regarding sound marketing practices.

Key words:- *Marketing management, Marketing strategies, Micro small and medium enterprises, MSMEs*

1. INTRODUCTION

Small and Medium Enterprises (SMEs) play a vital role for the growth of Indian economy by contributing 45% of industrial output, 40% of exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and International markets. Indian market is growing rapidly and Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector. MSMEs have been recognized as the backbone of the Nation's economy. Various marketing mix strategies were useful to increase the productivity and effectively selling of the products to their customers. Effective marketing of products would ensure higher levels of income, consumption and employment which automatically increase the standard of living of the people. Efficient and sound marketing practices result in getting remunerative price for its products/products tending to profitability. In the absence of efficient marketing practices, the commercial viability of MSMEs may fall in danger leading to sickness. Sales promotion was the main objective of the marketing. Creating and maintaining customer relationships was seen as the second most important task of marketing.

2. CONCEPTUAL ANALYSIS

2.1 Marketing

According to the American Marketing Association (AMA) Board of Directors, Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

2.2 Marketing Channel

A marketing channel is described as the set of people, organizations, and activities that work together to transfer goods (products and services) from the point of origin to the point of consumption. The primary purpose of a marketing channel is to create a connection between the organization that creates a product or service and prospective customers who may want to purchase it.

2.3 Marketing mix:

The marketing mix can be described as- The marketing mix is a set of four controllable variables, product or services, price, place and promotion and their intensity or level that any firm uses to leverage the marketing programme intended to influence the target market. E.Jerome McCarty advocated four Ps, i.e. Product, price, place and promotion.

2.4 Enterprises

A industrial undertaking or a business concern or any other establishment by whatever name called, engaged in the manufacture or production of goods in any manner, pertaining to any industry specified in the first schedule to the Industries (Development & Regulation) Act 1951 or engaged in providing or rendering of any service or services.

2.5 MSME (Micro, Small & Medium Enterprises)

According to the Micro, Small and Medium Enterprises (MSME) Development Act of 2006, (India). In the case of the enterprises engaged in providing or rendering of services, as

- a) A micro enterprise is where the investment in equipment does not exceed ten lakh rupees.
- b) A small enterprise is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.
- c) A medium enterprises is where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

2.6 Latur district

The Latur District is in the south-eastern part of the Maharashtra state. The district is situated on the Maharashtra Karnataka boundary. On the eastern side of the Latur is Bidar district of Karnataka, whereas Nanded is on the northeast, Parbhani on the northern side, Beed on the Northwest and Osmanabad on the western and southern side. The weather is dry and hot, climate is moderate with medium rainfall.

• Industrial Scenario of Latur district

Sr. No	Category	No. of enterprises			Investment (P&M) Rs. In Lakh		
		Mfg.	Service	Total	Mfg.	Service	Total
1	Micro	1473	87	1560	13087	319	13406
2	Small	490	1	491	31081	40	31121

Source: Ministry of MSME, Govt. of India (Latur district)

3. REVIEW OF LITERATURE

An attempt has been made to highlight the main issues related to the topic at various levels from available material. The data for the present chapter has collected through various sources like books, published and unpublished Government documents, printed books, online sources, journal articles, published thesis and annual reports were reviewed for the study.

Taylor and Brooksbank (1995) examined the Marketing practices among small New Zealand Organizations. Findings revealed that the small business firm looks at the marketing practices differently from their larger counterparts; small business owners use marketing practices according to their financial capacity and sometimes have to resort to word of mouth methods. **Reijonen (2010)** studied the marketing practices followed by SMEs. Systematic sampling method was used to collect information. A sample of 106 SMEs was taken from three industries of eastern Finland. The study highlighted the marketing means to inform the customers about the firm and its products or services. **R. Gajanayake (2010)** analyzed the implementation of the marketing strategies in SMEs in Sri Lanka. The paper find out the main reason about the failure of the SMEs is the less awareness and the less knowledge about the new methods and techniques available in the business world.

Kumar, S.N. Arjun (2012) in their empirical study restricted to Mahabubnagar district of Andhra Pradesh covers the socio-economic conditions, marketing strategies of SSIs and identifies the marketing problems of SSIs. The aim of this is to generate the awareness to the SSIs regarding the blind spots in marketing of their products. **George, Binija (2018)** in her doctoral study “A study on the problems of Micro, Small and Medium Enterprises in Kerala” confined a descriptive and analytical study, which analyses the production, financial and marketing problems of Micro, small and medium entrepreneurs in Kerala. **Bhushan, Sanjay (2001)** aimed to point out that changing market environment gap and develop a model based approach in enhancing the basic understanding of the various dimensions related in exploring and managing newer marketing ways as in the form of different marketing-mix strategies. **Sheetal, Sangeeta & Rajiv Kumar (2012)** conducted an empirical study in small and medium enterprises in Hisar and addresses to integrate marketing strategies comprising marketing mix and marketing intelligence by SMEs and a survey on customers has been conducted to validate the marketing strategies. **Gugloth, Sardar & Kumar, N. Kalyan (2011)** confined the prime intent of the present paper is to study the marketing strategies of MSMEs in Andhra Pradesh for their long term sustainability.

4. STATEMENT OF THE PROBLEM

For the present study the statement of problem is “Marketing strategies and policies related to micro, small and medium Enterprises: A Case study

5. OBJECTIVES OF THE STUDY

The following are the major objectives of the present study.

- To determine the sources of finance to establish MSEs
- To analyze the Marketing mix strategies of MSEs
- To find out the technology adopted for Marketing of products
- To identify troubles of Sound Marketing Practices

6. RESEARCH METHODOLOGY

Data will be collected from both primary and secondary sources.

6.1 Primary sources

The study is empirical in nature and it is based on the data collected through questionnaire. Informal discussions were also held with the entrepreneurs to extract the necessary and correct information.

6.2 Secondary sources

The secondary data was conducted through the recorded Annual reports of Micro and small enterprises. The information available from District Industries Centre, Latur district is used. The information was also collected through various books, journals, research reports, magazines, manuals etc. on Micro and Small enterprises.

6.3 Sample size

A sample of 60 Micro and Small enterprises selected among 1716 registered units under specified segments. A two stage stratified simple random sampling technique will be adopted for selection of samples. In the first step enterprises are grouped under 12 segments on the basis of nature of the products namely, Agro-based, Textiles, Chemicals, etc. In the second step 50 percent of the units were selected from the universe with 5 years existence for the study. The sample units selected from all the strata taken together & equally allocated for each strata.

Brief Industrial profile of Latur district:

Name of the Unit	No. of Units Registered	No. of Samples taken
Food products and Beverages	623	8
Textile	12	2
Wearing apparel; Dressing and dyeing of Fur	181	7
Leather: Luggage, Handbags Saddlery, harness & footwear	30	5
Wood products	282	6
Paper and paper products	13	4
Publishing, printing media	158	6
Chemicals & chemical products	16	5
Rubber & plastic products	35	5

Non-metallic mineral products	48	3
Metal products and parts	68	5
Fabricated metal products	161	8
Manufacture of furniture	13	3
Manufacture of Office, accounting & computing machinery	19	5
Maintenance and repair of Motor vehicles	22	6
Computer & related activities	12	2
TOTAL	1693	80

Source: Ministry of MSME, Govt. of India (Latur district)

6.4 Selection of Sample

The proportionate stratified random sampling technique has been followed for selection of samples. Personal visits to sample Micro & small entrepreneurs are undertaken and collect required data as per the data sheet from their office records.

7. DATA ANALYSIS AND FINDINGS

The primary data collected from the sample has been tabulated and analyzed using MS-Excel. Various statistical techniques like: Percentage, average rates, mean etc. have been applied for analysis and interpretation of primary and secondary data. The data was further presented in the form of tables, figures and graphs using Pie charts, Bar charts, line charts etc. as per the various parameters.

7.1 Sources of Finance

Table No. 1: Sources of Finance

Sr. No.	Sources of Finance	Response	Percentage
1	Own investment	32	40
2	Government Schemes	10	12.5
3	Bank loans	19	23.75
4	Financial Institutions	12	15
5	Non-banking sources	5	6.25
6	Others	2	2.5

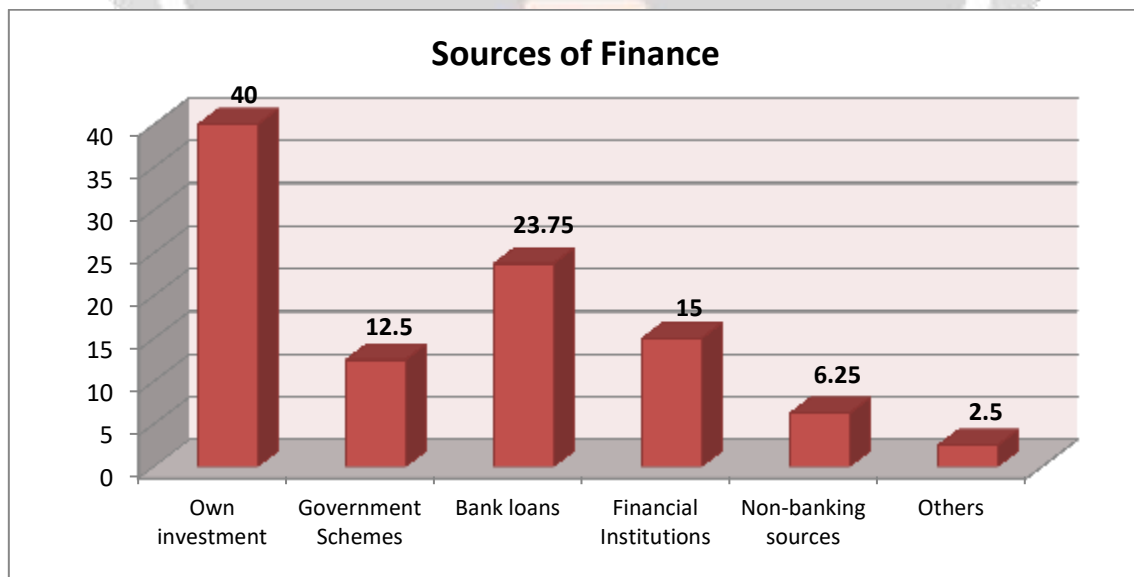


Figure No. 1: Sources of Finance

It is observed from table no. 1 and figure no. 1 that majority i.e. 40% of sample units made own investments to establish their enterprises followed by 23.75% of sample units has taken bank loans for starting their enterprises. Whereas, 12.5% sample units used various government schemes to start-up the business followed by 6.25%

sample units make the investments through Non-banking sources and 2.5% sample units make arrangements through other financial sources to start and develop their enterprises.

7.2 Marketing mix strategies

Table No. 2: Marketing mix strategies

Sr. No.	Marketing mix strategies	Response	Percentage
1	Product brand to be offered	45	56.25
2	Type of packaging	40	50
3	Price level and discount levels	51	63.75
4	Selection of target customer	59	73.75
5	Distribution of promotional materials	31	38.75
6	Personal selling	65	81.25
7	Annual Marketing plan	26	32.5
8	Direct marketing	38	47.5
9	Advertisement through media	49	61.25
10	Selling through Direct dealers & distributors	53	66.25
11	Marketing programme by the government	11	13.75
13	Sales promotion programme	5	6.25



Figure No. 2: Marketing mix strategies

It is revealed from table no. 2 and figure no. 2 that 81.25% sample units thought that personal selling was the best marketing mix strategies for selling their products followed by 73.75% sample units thought selection of target customer was useful marketing mix strategy. 66.25% sample units preferred selling through direct dealers and distributors followed by 63.75% sample units used to price level and discount levels was the preferred marketing mix strategy. Whereas, 61.25% sample units make use of advertisement through media to market their products followed 56.25% in view of product brand to be offered was the best marketing mix strategy. 50% sample units observed type of packaging was the best way to market their products. 47.5% sample units used direct marketing plans followed by 38.75% sample units observed distribution of promotional materials was the good marketing plan followed by 32.5% sample units thought annual marketing plan was the better way to maintain the product selling capacity. However, very less i.e. 13.75% sample units followed marketing programme by the government policy, 10% sample units followed integrated marketing communication and only 6.25% sample units used sales promotion programme.

7.3 Technology adopted for Marketing of products

Table No. 3: Technology adopted for Marketing of products

Sr. No.	Technology adopted for marketing	Response	Percentage
1	Latest	5	6.25
2	Partially updated	9	11.25
3	Not updated	16	20
4	Adequate	25	31.25
5	Traditional	38	47.5

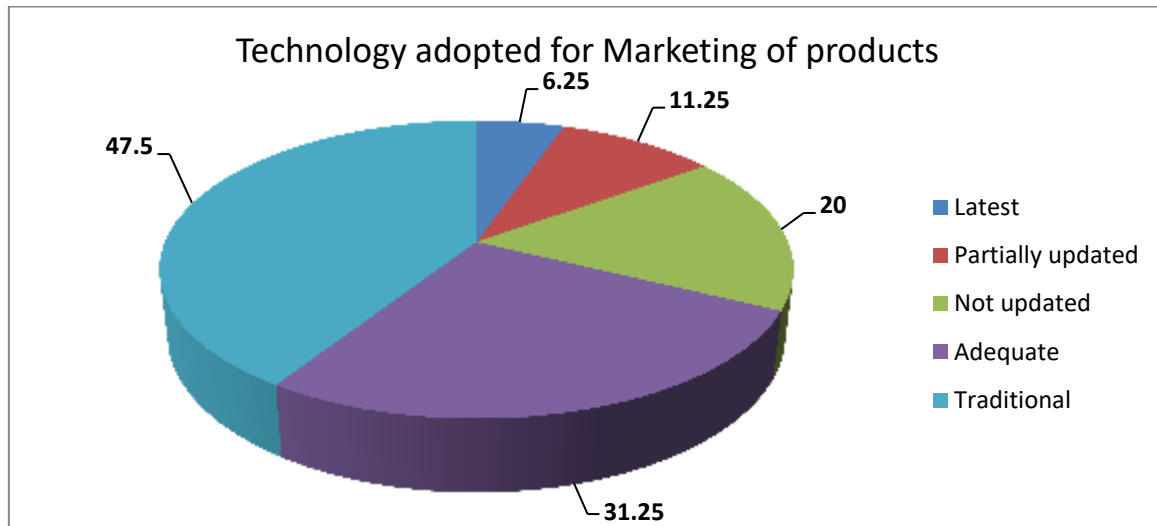


Figure No. 3: Marketing mix strategies

The analysis from table no. 3 and figure no. 3 found that 47.5% sample units followed the traditional marketing plan for selling their goods or products. 31.25% sample units were used adequate technology for marketing. Whereas, 20% of sample units was not yet updated any technology for marketing of their products and have not makes any efforts to appraise the cost effectiveness of their marketing followed by 11.25% sample units was partially updated the technology and making efforts to adopt the new concepts in sound marketing. Very less 6.25% sample units has adopted the latest technology and regularly updated the marketing plans for selling of their products and reached to customer satisfaction level.

7.4 Troubles of Sound Marketing Practices

Table No. 3: Troubles of Sound Marketing Practices

Sr. No.	Sources of Finance	Response	Percentage
1	Inadequacy of Marketing Information	67	83.75
2	Difficulty in Market Assessment	48	60
3	Leakages in Market Segmentation	38	47.5
4	Defective Pricing Policy	24	30
5	Wrong Selection of Channel of Distribution	41	51.25
6	Inadequate Advertising and Salesmanship	53	66.25

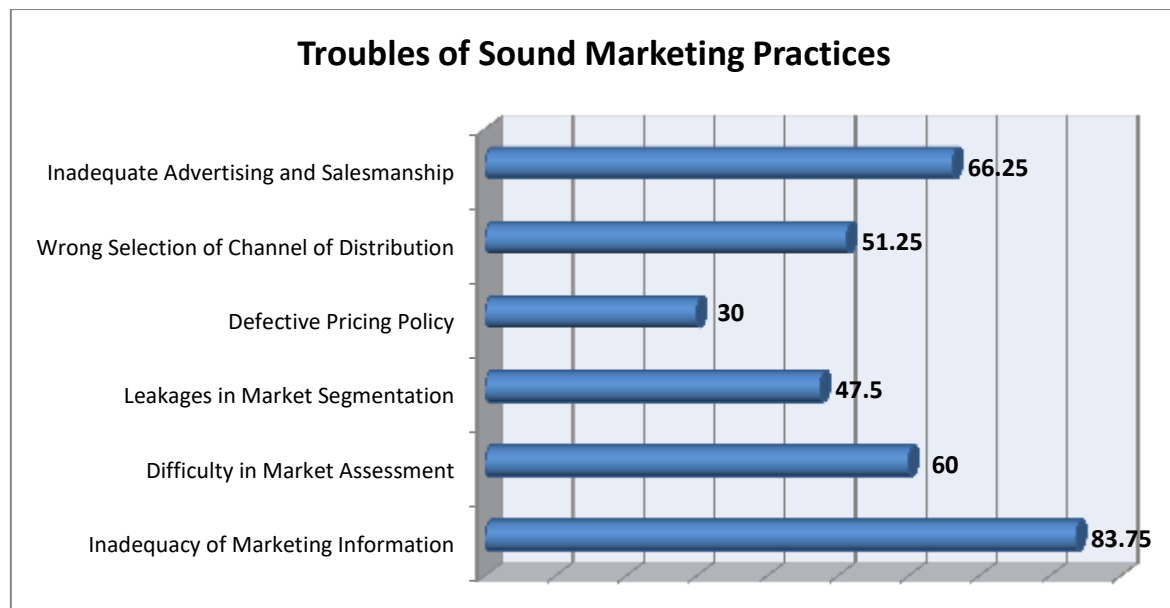


Figure No. 3: Troubles of Sound Marketing Practices

It is seen from table no. 4 and figure no. 4 that 83.75% of the sample units have faced heavy trouble regarding inadequacy of marketing information. 66.25% of the sample units have faced trouble regarding inadequate advertising and salesmanship followed by 60% having trouble about difficulty in market assessment. Whereas, 51.25% sample units revealed that wrong selection of channel distribution was the main trouble in sound marketing followed by 47.5 % has thought leakages in market segmentation and minimum of 30% concluded defective pricing policy was the main hurdle in marketing of products.

8. CONCLUSION

The growth and performance of MSMEs largely depends upon their long-term marketing strategies that creates & retains a satisfied customer through the process of value addition. In this dynamic & competitive era marketing of the products produced by Small, medium and large scale industries depend upon which marketing strategies and policies they have used. Findings revealed that the small business firm looks at the marketing practices differently from their larger counterparts; small business owners use marketing practices according to their financial capacity and sometimes have to resort to word of mouth methods. The marketers in the enterprises were also interested in creating and maintain customer relationship. Sales promotion was the main objective of the marketing. Creating and maintaining customer relationships was seen as the second most important task of marketing. Hence, the study concluded that Marketing practices vary depending on firm size and customers.

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