



## SURVIVING COMPETITION BY USING INNOVATIVE MARKETING TECHNOLOGIES IN BY SMALL BUSINESS ENTREPRENEURS IN INDIA

**Dr. Vandana Gautam**

Assistant Professor in Commerce, Apeejay College of Fine Arts, Jalandhar, India

### ABSTRACT

*SMEs popularly known as 'lifblood of the economy', contribute more than 45% of India's industrial output and create 1.3 million jobs every year, which shows that this sector has the maximum potential to create employment opportunities. MSMEs face difficulties in adapting their strategies to market changes, and it become an arduous task for SMEs to have a hold on target market and market share. The existing marketing strategies have reached the saturation point, where new innovative strategies need to permeate. Use of appropriate digital technologies can help small business entrepreneurs to cut costs by improving their internal processes. This paper highlights the use of innovative marketing strategies to be adopted by the MSMEs which will help them in improving their product through faster communication with their customers, and better promotion and distribution of their products through online presence and that too at a very minimal cost. The world of digital marketing will help the SME entrepreneurs to experience global presence of the business through websites, blogs, social networking, cloud computing, eMailMarketing, eAdvertising, ePromotions, etailing and eCRM thereby enabling them to survive competition and achieve financial prudence.*

**Keywords** small business entrepreneurs, innovative marketing strategy, digital marketing, eAdvertising, ePromotions, and eCRM.

**JEL CLASSIFICATION CODES :** JEL: O33, M31, N75

### **Introduction**

India is one of the very few countries to have consistently supported small-scale enterprises in order to promote greater employment and, perhaps, also a more egalitarian distribution of

wealth. This has led to the growth of small enterprises in terms of output, employment and exports. Since the time of independence, the small business entrepreneurs' in India have been a major contributor to country's Gross Domestic Product (GDP). 'Lifeblood of the economy', as called by the politicians, highlights the contribution of SMEs' (Small and Medium Enterprises) to the economic welfare of society. 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 & ITES, Agro and Service sector. In this scenario, Indian SMEs have also grown at a stable pace of 4.5% in the last 5 years and are now numbering over 48 million. According to the latest Annual Report issued by the Ministry of Micro, Small and Medium Enterprises, there are over 6,000 products, ranging from traditional to high-tech, which are being manufactured by the MSME sector for domestic as well as international markets (Ministry of MSME Annual Report 2012 – 13).

According to the latest Economic Survey, Indian SMEs employ close to 40% of India's workforce (Economic Times, June 9, 2013). After the agriculture sector, SMEs rank second in fostering employment opportunities. These SMEs contribute more than 45% of India's industrial output, 40% of the country's total exports and create 1.3 million jobs every year (Business Standard, July 2, 2014). Therefore, Micro and SMEs are the major players in industrial production, as they contribute significantly to India's total manufacturing output and their growth perspective looks brighter. The SMEs have traditionally considered the domestic market as their main focus area. Times are now changing as they are also looking forward to get into international business arenas. 45 percent of India's total manufactured output and 35 percent of the total direct exports contributed by them bear testimony to the fact that e-business and e-marketing have a great role to play in the successful operations of SMEs. Proper marketing enables the entrepreneurs to improve upon the quality of their goods and services. Hence, the effective skills of marketing become inevitable for SME sector. There is sufficient evidence to prove that small business failure can result from either a lack of marketing, or poor marketing practice and that they may be more vulnerable to competitive threat (Bruno and Leidecker,1988).

## **REVIEW OF LITERATURE**

*Wilke D. (1995)* observed that teleshopping and other forms of electronic retailing promise to have tremendous impact upon the field of retailing. With respect to the impact of this emerging technology upon the channel structure it would seem that the channel members are "retreating" relative to the channel positions. That is, consumers have retreated to the retailer level where

they have assumed many of the retailer functions; retailers have moved back to the wholesaler or supplier level; distributors have assumed some of the manufacturer initiative with respect to product specification and design; and manufactures have retreated to the subcontractor or component supplier level.

*Nathalie N. Mitev and Anne E. March (1998)* studied some of the factors contributing to the risks SMEs take when implementing information technology through a questionnaire survey of 18 small businesses in the Greater Manchester area. New technology can seem a threat to small business owner-managers and there is a link between business growth and the use of IT. A strong need for impartial advice, independent from computer vendors, has been expressed. More complex IT-related business and organisational changes may require integrated technical and managerial training, so that SMEs can become more strategically oriented and benefit better from IT.

*Carter and Tzokas, (1999)*, opined that SME growth stems from engaging in some form of marketing activity which will focus on attaining and retaining competitive advantage by engaging in marketing practice, that addresses market share, market development, product promotion, product pricing, product differentiation and distribution.

*Mort G. Sullivan and Drennan Judy (2002)* opined that the fundamental ability of direct marketers to communicate with consumers and to elicit a response, combined with the ubiquitous nature and power of mobile digital technology, provides a synergy that will increase the potential for the success of direct marketing. The paper attempts to provide an analytical framework identifying the developments in the digital environment from e-marketing to m-marketing, and to alert direct marketers to the enhanced capabilities available to them.

*Danielle Mc C. and David Carson (2003)* perceived small firms as vulnerable yet valuable entities, important both economically and socially. The small firms typically possess certain characteristics, which serve to differentiate them from larger organisations. These characteristics mainly include inherent weaknesses with respect to marketing awareness and practice. High failure rates of small firms are largely attributed to weaknesses in marketing. The study examines inherent weaknesses with regard to finance and marketing in small firms and attaches lot of importance to the roles of marketing educators and owner/managers in improving small firm's marketing practice.

*Pollard and Jemicz, (2006)*, believed that SMEs in pursuit of organizational goals do not adopt the marketing concept to the same extent as larger firms do, and that marketing practice in SMEs is situation specific, and variable regarding the levels.

*Raju T. V., and Gopal R.K.,(2006)* considered that key to success in industrial marketing is CRM and in need to be practised by the organization immaterial of the size of their operation. The CRM practices need to be innovative and it should be based on the capabilities of the marketers. They propagate to classify the customers on the basis of their focus area in terms of relationship and make a cost benefit analysis before involving in CRM.

*Agarwal, Vaishali, (2008)* had the opinion to evolve the consumers through innovative marketing practices through internet blogs, e-stores etc.

*Akula Ravi, (2008)* believed that co-branding can strengthen the performance of the existing products. This strategy can be considered as innovative marketing idea to captivate consumers' attention.

*Bhatnagar, Jyotsna, (2009)* says 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.

*Dikshit, Dheeraj, (2009)* is having the opinion that SMEs should re-look at their business model and establish their core competencies through innovation and technological upgrading etc. He also insists on SMEs to look beyond the domestic market to grow.

*Lisa Harris and Alan Rae, (2009)* reviewed recent developments in online marketing strategy that demonstrate the growing power of online communities in building customer relationships. The study examined the use of new technologies by entrepreneurial growing businesses in the London area. A range of examples from our 30 case study businesses are drawn upon to illustrate some of the opportunities and threats associated with these new marketing priorities. A key challenge when engaging customers through these social networks is how to give away power and control while at the same time avoiding embarrassment to the company. The study concluded that social networks will play a key role in the future of marketing; externally they can replace customer annoyance with engagement, and internally they help to transform the traditional focus on control with an open and collaborative approach that is more conducive to success in the modern business environment.

*Stelzner Michael A.,(2014)* concludes in the study which undertook a sample of 2800 marketers that marketers place very high value on social media. A huge majority of marketers want to know the most effective social tactics and the best ways to engage their audience with social media.

Blogging holds the top spot for marketers in their future plans. Marketers want to learn more about Google and have a plan on increasing Google+ activities. Podcasting is still on growth trajectory, a very few marketers are involved with podcasting, yet some of them have plans on increasing their podcasting activities in near future. Facebook and LinkedIn came out to be two most important social networks for marketers. And lastly most of the marketers believe that original written content is most important for social media marketing followed by original visual assets.

The marketing function in SMEs is hindered by constraints such as limited access to resources, and a lack of marketing expertise on the part of the owner/manager, it is expected that SME marketing differs from that in the larger organizations. The SMEs cannot generate revenue by selling same old products to the same old market in the same old way. There is vast possibility and desirability of adopting changing marketing practices. SMEs, along with other businesses are exposed to highly volatile market and are facing cut throat competition. A few SMEs are finding innovative marketing as the solution to this problem. To make innovative marketing technique to work, it needs to have proper planning and commitment of all the people in the organization. The people at the decision making level need to consider various innovative marketing tools and adopt few or many on the basis of their workability. There are many innovative marketing concepts, which can be considered by the managers for their enterprises. One such highly significant concept is the adoption of digital marketing by the SMEs which, besides being very low on cost can lead to a massive growth in their revenues.

## **THE DIGITAL MARKETING**

The digital marketing is the buzzword now a days. Digital marketing is a technology based concept relating to an organisation which adopts a digital agenda in order to deliver sustainable economic and social benefits from a digital market based on fast and ultra-fast internet and inter-operable applications. Digital marketing strategies, marketing automation tools and the latest best practices can result in tremendous revenue growth opportunities for SMEs. The world of digital marketing can help the SME entrepreneurs to experience global presence of the business through websites, blogs, social networking, eMailMarketing, eAdvertising, ePromotions and eCRM etc. Digital marketing aims at creating online capability of moving from “e” (electronic) to “u” (ubiquitous) where everyone and everything is connected. There exist gaps in awareness and confidence levels among the SME sector which is presently submissively engaging in the digital marketing.

### ***Opportunities for SMEs***

Digital technology access to high-speed broadband, positively impacts the operations and profitability of all businesses, including SMEs. Using the broad range of digital technology, MSMEs businesses can reduce costs for businesses through just in time' business operations and production processes. These technologies enable SMEs to lower IT infrastructure costs through the use of cloud computing. SMEs can also reduce travel expenses through tools such as video conferencing, Skype, teleconferencing with remote presentation delivery via the Internet. It increases the efficiencies and productivity and improves the ability to deal with customers remotely. The use of digital technologies also enhances the ability to communicate with suppliers and customers online. Digital technology improves business performance through superior market intelligence relating to competitors, market trends, customer requirements and access to remote markets. It improves customer service by providing services and support to customers in real time and improves brand recognition by using a range of online and social media tools

### ***Cost Effective Innovative Digital Marketing Strategies***

A few innovative digital solutions that are sure to influence the way small businesses approach to marketing are discussed here under:

#### ***eAdvertising***

Banner ads may sound like an outdated way to get noticed, but actually display advertising is becoming much more interesting due to two reasons. One reason relates to better local ad targeting where is in trend these days. Several companies, such as *Local.com*, *LinkedIn* and *Facebook*, have announced that they're getting into the local targeting ads by offering geography-based advertising along with the standard demographic or keyword targeting. Local targeting is already rampant in search engine marketing and it is good to know that display ads are heading in the same direction. The other reason is the trend toward ad pricing based on cost-per-action rather than cost-per-click. Paying for ads based on CPA means that you don't pay the advertiser until you get the action you want from the ad. For example, if you want your online display ad to drive someone to an online store to buy the advertised product, you won't have to pay until someone actually clicks the ad and completes the purchase. Several companies--such as *Hydra*--have announced an emphasis on CPA tracking and billing.

If cost-per-action advertising is appealing, a business needs to have a clear understanding of what it is willing to pay for each new customer or action which its advertising obtains. For targeted display advertising SMEs should start building a summary of its best prospects and customers--including geographic, demographic information and typical buying behaviour. If any business needs help in comprehending as to how to analyse its customers to get that information, online advertising company *Ad Buyer* offers a set of free of cost audience profiling tools.

### ***ePromotions***

Selling physical goods has long been about pushing people to your e-commerce store so that the prospective customers could see and buy those products. That trend which seemed to work aggressively only for gigantic businesses, has now started to work in favour of smaller retailers as well. SMEs have the ability to sell more of their products on other highly targeted consumer websites. One such website is *Milo.com*, where the CEO announced the company's intention to enable any business organisation to search real-time availability and local product information on every product, on every shelf and in every local business in the USA.

Another exceptional innovation for online retail comes from *Pixazza*. *Pixazza* is changing the way consumers shop by allowing people to browse and buy products that appear in any photos. For example, let's say a girl is reading an article in an online entertainment magazine and she sees a photo of Angelina Jolie or say Aashwariya Roy wearing a ring that is really dazzling. Getting herself a similar pair is easier than ever as now she can hover over the photo. *Pixazza* intimates the availability of the ring at a price far below what Aashwariya Roy probably paid for hers. It's required to get your inventory database in shape. Another website actively functioning in India on similar lines is *Craftville*, here *also* the designer dresses worn by bollywood stars during various events are displayed and made available at very reasonable prices. If an SME has the ability to make known real time inventory and product information to its own website, it probably already has enough technology to quickly enable a feed of that information to other online databases.

### **Cloud-Based Freemium Models**

A report from market research firm *Zinnoy* says small and medium businesses offer a lucrative opportunity of \$11.6 billion in 2015 and \$25.8 billion in 2020. As per the report, India has nearly 51 million small and medium businesses, of which 12 million have a high level of

technology influence and are keen to adopt newer IT products. The digital service provider companies have felt a need to change their business models in order to target SMEs. As SMEs cannot afford expensive software therefore companies are offering their products in a *cloud-based freemium model*. As per a freemium model, customers get basic software for free and pay for higher features. As per the report vendors such as *Google* and *Microsoft* are putting a special focus on this division through substantial price cuts and newer business models to suit this market. Google, for instance, reduced the cost of Google Apps by 45% in 2013, bringing the cost to just Rs 150 per user per month. Microsoft likewise cut prices for Office Mobile by 31% in 2014, making its base version available for free. ( Aggarwal Varun 2015).

### ***Social Media Advertising***

Social media is possibly the most innovative internet tool to come to light after discovery of the internet. There are categorically good reasons to advertise on social media sites . The challenge for a small business is similar to the challenge being faced by any business: How do you get enough people to pay attention to your ads while they are busy uploading photos or chatting with friends? There are a number of companies working to make social media advertising more engaging and even fun, and it won't be long before the times when there would be are a plethora of choices available for small budgets. At the show, *NTB Media* announced an interesting video advertising product with built-in games and quizzes to get people to pay attention and remember the content in the videos, and *Fan Appz* announced access to an integrated suite of social media applications designed to attract attention and engagement in exchange for a subscription of just \$50 per month.

Social media advertising is already accessible and affordable to small business, but affordability isn't the only reason to invest in a particular form of advertising. SMEs should not invest in a new social media tool or advertising strategy until it is sure that it has the ability and the time to track its results and compare them with other available opportunities.

### ***Mobile Marketing***

Advertising and messaging on mobile phones is undeniably a boiling topic amongst the marketers. Formerly, most mobile marketing tools focused on only one aspect of mobile marketing, such as text-messaging, application development or mobile websites. Those tools are now congregating as integrated solutions. One such company, *Zergo*, recently announced plans to



offer a comprehensive suite of marketing solutions that include SMS, MMS, e-mail and mobile websites. Very soon there will be many companies offering comprehensive mobile solutions priced suitably for small businesses. SMEs require solutions that work equally well on mobile and are available in a pay-per-use model. The research firm has predicted that the mobile app downloads in India will grow from 100 million in 2014 to 400 million by 2020 ( Zinnov report 2015). This growing mobile adoption has resulted in evolution of some companies that have been successful in furnishing the demand from this sector which mainly includes SMS-based website creation and management company, *NowFloats*, missed call marketing company *Zipdial*, which was recently acquired by Twitter, and mobile-based point-of-sale company *Ezetap*. SMEs should ensure that at least a segment of its website is designed to display and function properly on mobile devices--especially the pages that contain contact information for its business.

### ***eCRM : Customer Relationship Management***

Today business cannot sustain without indulging actively in the practices of customer relationship management . The 80:20 principle of Pareto's law holds good even in industrial marketing as well. The 20% of the business customers bring 80% of the business and 20% of the sales executives bring 80% of the revenue to the organization.CRM can be the most interesting factor that SMEs can look into these days. The easiest way for SME to play larger role in international space is by embracing strategic advantage of adopting Customer Relationship management (CRM). It is need of hour that innovation in the perspectives of e CRM should be highlighted in SMEs too. eCRM softwares are used to: manage a business' interactions with customers and clients; identify and monitor sales prospects; support marketing activities and provide customer support and services. It improves customer service facilitated by a central, accurate source of customer / supplier information that can be shared across the business.The process of eCRM involves maximising sales to the existing customer and encouraging continuous relationships through the use of digital communications technologies such as operational databases, personalized web messages, customer service.

The potential of digital marketing to deliver efficiency gains is widely accepted. While large firms are often at the forefront in recognising and investing in such technologies, small firms are slower to catch up and appreciate the benefits that these can deliver. The adoption and use of these technologies is widely seen as decisive for the competitiveness of SMEs in the emerging global market. Use of appropriate digital technologies can help SMEs cut costs by improving their internal processes. It can also help in improving their product through faster

communication with their customers, and better promotion and distribution of their products through online presence. The innovative digital marketing tools can play a crucial role for SMEs in reshaping their business models in order to strengthen their competitive performance.

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