

Research Paper



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EXPLORING MARKETING EFFECTIVENESS OF SMALL ENTERPRISES IN UTTAR PRADESH

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ABSTRACT

This study critically assesses the marketing effectiveness of Small Enterprises in Uttar Pradesh a populated northern part of India. As Small Enterprises are essential elements for growth and development of an economy being a generator of employment. Small Enterprises is also a booster for developing economy like India. This specific research location offers the opportunity to investigate about Small Enterprises existing in northern part of India because this region has a significant role in Indian economy. The research approach in this method is mainly quantitative. Descriptive research design is used in the study. Stratified Judgemental sampling is employed for selection of sample. Result of study throws light on measures of effectiveness of marketing practices of Small Enterprises with proposed framework.

KEYWORDS- Marketing, Marketing Effectiveness, Small Enterprises and Uttar Pradesh

INTRODUCTION

In today's competitive era of globalisation, developing economies like India must focus on Small Enterprises because they are crucial element for growth & development of an economy. Small Enterprises are the generator of employment, but the issue is how a small business can stand in between violent competitors. For growth & development of Small Enterprises in developing country like India, necessary elements like financial assistance, infrastructure & technology is required but for long term success of small business, marketing strategy has become an essential element. As stated by Julia Cronin Gilmore (2009), general problem in Small Enterprises is marketing of product & services i.e. the business owners have knowledge about products or services but are not experts in the field of marketing and therefore, struggle takes place while implementing effective strategic planning and effective marketing plan.

Marketing is a discipline that enables producer of products & services to interpret customers' desires in delivering to target customers. Charter Institute of Marketing a leading academy of Marketing defines marketing as "the management process responsible for Identifying, anticipating and satisfying customer requirements profitably"(The Charter Institute of Marketing,2009,p.2).In addition Kotler (2008) defines Marketing as "the process by which companies create value for customers and build strong relationships in order to capture value from customers in return.

Small Enterprises

Defining the small business or firm is somewhat arbitrary as criteria used to classify entities as such include size, number of employees, and sales volume, and asset size, type of customer, capital requirements and market share.

As there is widespread acceptance of the notion that small firms typically possess certain

characteristics which serve to differentiate them from larger organizations.

As small firms tend to be considerably more creative and innovative than larger firms (O'Shea, 1988). Small business success is dependent not only on the presence of products and markets, but also on the efficient marketing of those products within those markets (Smith, 1990).

While the successful small firm is seen as "a prime example of a marketing-oriented business" (Willmar, 1984), in so far as the company will typically be close to its customers and flexible enough to respond quickly to

changing customer needs, operationalisation of a marketing orientation will be determined by dimensions including management capability and key individuals' backgrounds (Liu, 1995), with their utilisation of marketing techniques and tactics generally inhibited by constrained resources (Stokes, 1994).

Definition of small and medium enterprises in India was recently settled. The Micro, Small and Medium Enterprises Act, 2006, defines enterprises on the basis of investment in plant and machinery & service. According to the new Act, the MSMEs are defined as follows:

Category	Investment (Plant & Machinery)	Service
Micro Enterprises	Less than 25 Lacs	Less than 10 Lacs
Small Enterprises	Less than 5 Crores	Less than 2 Crores
Medium Enterprises	Less than 10 Crores	Less than 5 Crores

For this study small business is defined as –an independent owner/managed business organization of existing average profit and success within the industry, employing less than hundred employees, where the owner/manager's omnipresence creates a highly personalised management style. (Danielle McCarran-Quinn & David Carson -2003). This style impacts upon the type and nature of marketing activity that can be deemed to be that of small firm marketing, which is different in a variety of characteristics to large company marketing. We relate to these marketing characteristics in this study.

There are at least two basic reasons why it is important to investigate small firm marketing practices. First, small firms are an extremely important component of the economy. Secondly, by various statistics suggests that Small Enterprises are significant in terms of their number and in their contribution to GNP, employment and innovation (Davis, Hills and LaForge, 1985). Clifford and Cavanaugh (1985) suggest that "999 of every 1000 companies stay small.

Why Uttar Pradesh?

With focus on infrastructure and industry, the investment activity in Uttar Pradesh has been gathering momentum over the past few years. The state has attracted more than Rs 463 billion industrial investment proposals in the past few years. Uttar Pradesh proposes to bring investment through PPP mode worth Rs.2, 182 billion in the 12th Five Year Plan. The industrial policy of the state focuses on agro & food processing industries, biotech, tourism, energy and Information Technology. The state also offers huge potential in sectors like agriculture, food processing, skilling, textiles, leather-based and mineral-based industries. The proposed

eastern Dedicated Freight Corridor with about 55 percent of the corridor passing through the state will facilitate Uttar Pradesh get easier access to seaports in West Bengal and also the eastern coal fields of India. If we analyse these route, these route are industrial areas of Uttar Pradesh. So I see huge opportunity for Small Enterprises in Uttar Pradesh.

REVIEW OF LITERATURE

Davig and Brown (1992) pointed that the none of marketing actions appeared to contribute significantly to performance. Kotler (1984), notes that the marketing effectiveness of firm is reflected in the degree to which its exhibits five major attributes of a marketing orientation: Customer Philosophy, integrated marketing information, strategic orientation and operational efficiency.

Using the measurement, Dunn, Birley and Norburn (1986) determined the extent of the marketing concept within the small organization and found that a significant difference emerged in that the smaller firms in the sample demonstrated a poor level of marketing effectiveness.

McNamara (1972) and Peterson (1989) point out in their research that there is reluctance in embracing the marketing concept in the small business more than large firms.

Rogers Brooks et al (1992) study confirms through his study conducted Britain that the most successful companies are those which are marketing orientated. Never- the less, several traditional tenets of marketing are questioned by the findings and it would seem that the traditional marketing model, as developed for large companies, is neither entirely necessary nor applicable for the smaller firm.

Current literature pertaining to marketing characteristics, strategies, marketing mix variables, retailing strategies and conceptual retailing models indicated that most sources categorize the critical to marketing elements into the following areas; physical facilities, merchandise, pricing & promotion services (Davidson et al, 1984; Susan & Raymond, 1986). The total Retailing strategy Model (Davidson et al; 1984) illustrates these marketing elements and adds further support to use in marketing strategy analyses.

While marketing planning principles are well established, practitioners attempting to implement the process often find their progress impeded by variety of barriers? Some of these difficulties are reported in the academic and practitioner literature by authors who describe a host of organizational, operational, managerial and communications barriers (Greenley, 1982; Doyle, 1998)

Adding to literature (Peterson, 1985; Alfred 1999) suggests that such general environmental dimensions as industry stagnation or dynamism affect small firm performance. Strategy's resource-based theorists contend that successful implementation of generic strategies is contingent on competitive environment characteristics.

Porter (1980) offers generic strategies that may be appropriate for small manufacturing firms under certain industry conditions: (1) differentiation strategy to create a unique product/service, customer loyalty, price-inelasticity, competitive barriers, and higher margins; and (2) low-cost strategy to create a sustainable competitive advantage by offering the lowest prices in an industry segment based on low-cost producer status.

DATA ANALYSIS AND RESULTS

Table 01 Marketing Effectiveness Level of the Small Sample firms

Effectiveness Level	Small Service firms		Small Manufacturing Firms		Total	
	n	%	n	%	n	%
Poor	5	17.24	1	2.08	6	7.79
Fair	11	37.93	16	3.33	27	35.06
Good	7	24.13	14	29.16	21	27.27
Very Good	5	17.24	13	27.08	18	23.37
Superior	1	3.44	4	8.33	5	6.49
Total	29	100	48	100	77	100

In their different studies Gilmore (2009) focused on reason for failure of small business is lack of marketing knowledge & recommended that marketing education & training can be part of marketing strategies for improvement Small Enterprises.

At last the assessment of marketing effectiveness is essential to survival. Many academicians & researchers such as discussed marketing effectiveness comprehensively as it has strong relations with many organizational outcomes such as growth, customer satisfactions, Competitive advantage, marketing orientations, promotion and profit.

RESEARCH OBJECTIVE

- To study how effectively Small Enterprises do marketing of products & services

RESEARCH METHODOLOGY

This study is mainly based on quantitative approach. Research Design is Descriptive. Sampling used is stratified judgemental. This research was conducted in four zones of Uttar Pradesh in India named as eastern Uttar Pradesh, Western Uttar Pradesh, Central Uttar Pradesh and Bundelkhand Zone.

Data Collection

A sample 77 small firms were finalized from CRISIL SME Report 2014 & 2015 by using judgemental stratified sampling from 4 zones of Uttar Pradesh

Beyond the questions of descriptive variables of the marketing concepts and activities, Kotler scale was used to determine the level of marketing concepts. The effectiveness scores were grouped, as were Kotler's into six categories that were ranged from 0 to 30. they were 'none' (score 0-5), 'poor' (score 6-10), 'fair' (Score 11-15), 'good' (score 16-20), very good (score 21-25) and 'superior' (score 26-30) as shown in Table-01.

Table-02 Firm Size and the Area of Marketing Effectiveness

Effective Dimensions	Chi-Squared Values df=4
Customer Philosophy	8.321 (*)
Integrated Marketing organization	7.718
Adequate Marketing information	9.812 (*)
Strategic Orientation	12.721 (*)
Operational Efficiency	12.712 (*)

(*)Significant $p < 0.05$

The results of Chi-Square test of five areas of marketing effectiveness meaningful relationship between the type and rating of firm with extent of customer philosophy, integrated marketing organization as shown in Table-02.

In the research of Dunn, Birley, and Norburn (1986), the same scales and measurements have been used for marketing effectiveness.

CONCLUSION

In this study although representative of small manufacturing & Services firm in four zones of Uttar Pradesh may not be representative of all small firms in their respective industries. The second limitation is the structure of the sample, which included many types of manufacturing & service firms making comparison about only some aspects of marketing activities. Beside this all limitations, some useful results may be obtained from the analysis. The mean is a "good" level of marketing effectiveness. The mean of marketing effectiveness of small firms are higher than the level of very small firms. Thus the greater the CRISL Rating 2014 of the firm, the more effective the marketing in case of manufacturing and service sector of small enterprise of firm of Uttar Pradesh as per representative data obtained and analysed.

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