Innovative Marketing Practices at SMEs : A study with reference to Industrial Products

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Abstract

SME sector contributing nearly 45 per cent of India’s total manufacturing output and 6 per cent of the GDP over last 5 years and account 35 per cent of direct exports apart from being second highest employer of human resource. The growth of this sector is very essential for the socio-economic balance and it depends upon how this sector copes up with the competition. The protection measures taken by the Government for the development of SMEs have helped this sector to grow tremendously over the decades. Even though Government is continuing its support it terms of finance, project assistance, technical support and other through various institutions, but the competition has reached global level. The SMEs need to be innovating in their business practice to survive the competition and build unique selling proposition (USP) in the market. Industrial products are difficult to market compared to the consumer goods as they are technically complex and industrial buying goes through various phases. The innovative marketing has a great role to play in industrial product marketing. The study aims to know various innovative marketing practices at SMEs, trends, challenges and other related issues.

Key Word: Innovation, SME, USP, Industrial product, Marketing
Introduction

Industrial customer gives lot of prominence to quality and after sales service compared to the consumers. The industrial buyers look forward for long term relations with the suppliers and their buying process is complex. The business buyers are well informed and they do research before placing any order to their suppliers (Havaldar, 2008). The buying centre members play a predominant role in industrial buying decision; this requires holistic marketing approach by SMEs in the contemporary industrial market.

In industrial marketing, needs of the customer can be met only through offering best quality product in time and every time. The product innovation is crucial as the majority of the industrial products are customized and not standardized. There is no scope for any error what so ever in industrial marketing because the industrial product buyers are limited and computation among the marketers is immense. The innovative marketing techniques can help the industries in building a niche for them in the market and stay ahead of time. Micro and SMEs are the major players in industrial production as they contribute 45 percent of the India’s total manufacturing output and their growth perspective looks brighter (Brian, 2010).

The SMEs have traditionally looked domestic market as their main focus area and now times are changing they are also looking forward to get into international business. The 35 per cent of the total direct export is contributed by them and to achieve that e-business and e-marketing has a great role to play. The modern days industrial customers can be captivated by innovative marketing practices like digital media, creative product placement, brand consistency, internet as promotional tool to name a few.

Review of Literature

Raju, T.V., and Gopal, R.K. (2006) consider that key to success in industrial marketing is CRM and in need to be practiced 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 customer on the basis of their focus area in terms of relationship and make a cost benefit analysis before involving in CRM.

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.

Agarwal, Vaishali (2010) has the opinion to evolve the consumers through innovative marketing practices through internet blogs, e-stores etc.

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.
Rationale

All the above mentioned literature focuses on innovation in both product offerings and marketing. The SMEs are not well equipped themselves to involve in R&D related activities. In case SMEs come out with innovative product, the competitive advantage cannot be retained for a long because of imitation from the counter parts. On the other hand SMEs can look forward for innovative marketing techniques by focusing on their core-competencies.

OBJECTIVES

1. To know the various innovative marketing practices applicable to SMEs
2. To access the innovative marketing practices of SMEs
3. To evaluate the benefits of E-marketing, internet marketing and CRM

Research Design

The exploratory research is conducted to enhance the knowledge on innovative marketing practices by SMEs. The research is based on both primary and secondary data. The primary data is collected from 15 managers of SMEs in Bangalore through personal interview. The questionnaire was semi structured to get more information from the respondents. The necessary secondary data were collected from published journals, magazines and books.

Innovative Marketing Tools

There are many innovative marketing techniques, which can be considered by the managers for their enterprises. The most popular and usable tools for the SMEs for their industrial product marketing are given below:

1. Internet as a Promotional Tool

Last two decades has shown the Indian business houses that, what an impact an internet can make it to their business. This promotional tool is cost effective and its reach is overwhelming. Almost all the respondents told to have their company’s website and they are regularly updating. Not having the website is sufficient; it needs to viewer friendly, informative as well as interactive. Nearly 80 per cent of the respondents not allocate any specific budget for the up gradation of their company’s website and almost 50 per cent of the respondents don’t take the paid services of search engine service provider viz., Google, Ask etc. This shows that organization doesn’t believe in working of internet as supportive tool for their entire marketing activities.
2. Customer Relationship Management

The importance of CRM is known fact to each and ever enterprises. The 80:20 principle of Pareto’s law holds good even in industrial marketing as well. The 20 per cent of the business customers bring 80 per cent of the business and 20 per cent of the sales executives bring 80 per cent of the revenue to the organization. When we asked our respondents to comment about it, they also applauded the concept. On the other hand 30 per cent of the respondents told us that they don’t take special care and measure to keep existing customers happy apart from their business commitments. The managers attains regular personality development programmes; but the sales executive or not given the same opportunity. The SMEs need to provide special training to sales team to bring in enthusiasm and commitment for the work through innovative practices.

3. Digital Advertising

There is a large number of ways of advertising on the internet and it is expected that advertising will grow exponentially in this connection. The companies activates can be video recorded and uploaded in the internet, which intern will help the potential industrial buyers to understand the functioning of the SMEs without making factory visit.

4. Mobile as a Service tool

Mobile can be used as the service tool, even though telemarketing and toll free customer care services may not be attractive and cost effective to SMEs. The regular updating of payments, receipts, and other business related information will help the customers in meeting their commitments without overlooking at them.

5. Permission Marketing

It is a term used in e-marketing. Marketer will ask for permission before they send advertisements to prospective customers. This method will assist the industrial marketer to turn the stranger into friend and friend into customers.

6. Reach your best qualified prospects

A great alternative to B2B marketers targeting specific industries or individuals is to take the list of prospects from the institutions, which are providing their mail, address and other details; then sending an attractive sales letter or e-mail at least there or four times to catch their attention. The other fact came from the respondents is that majority of their sales executives have stopped prospecting and they are involved only in servicing the present customers.

7. Reestablish Listening Posts

Smart marketing relies entirely on understanding your customer. SMEs need to know not only who they are and what they buy, but why they buy and why they choose to buy from you. They need to redouble their efforts at dialogue through social media and get direct feedback from customers or clients through salespeople.
8. Polish Lead Management

Lead tracking and follow up may have become a bit haphazard. The person who takes inbound calls must ask every new lead where they heard about their company. The person in charge must ensure where the leads generated from. He has to keep a track on impact of online, print and broadcast advertising. He also must ensure that lead is followed-up within 24 hours of the enquiry by the potential customer.

9. Focus on Fresh Ideas

SMEs need not have to rely exclusively on a small team or just your marketing staff to produce fresh ideas. Manager of the enterprises need to make innovation as everyone's responsibility this fall with brainstorming sessions, company retreats or by giving special recognition to individuals with the smartest suggestions. In case organization has few employees, assemble a seasoned advisory board or form an online advisory group made up of members of your target audience to give input in exchange for sales perks. Even though the respondents were keen in bringing new ideas into the organization, but top management is not co-operative in this regard.

10. Enhance Your Giving

In this era of rising social responsibility, customers and prospects want to be associated with that organization, which represents itself as a good corporate citizen. Businesses that rely on local customers will benefit from helping community-based causes. The enterprise can provide pro bono services or undertake a promotional campaign to raise charitable funds. Just be sure to promote the undertaking via your website and the press. Enterprises need to provide help where it's needed most and earn appreciation from customers that leads to sales. All these activities are undertaken by the majority of the responding organization but not in an organized way.

11. Cluster Approach

SMEs can adopt cluster approach to withstand the competition. This approach depends upon the mutual understand and trust between the cluster member. The cluster member must be involved in complementary business rather than competitive business to ensure the working of this approach. The formal way of establishing the cluster will enhance the market capabilities of the SMEs and it gives the cluster members the bargaining power. By this approach the SMEs can get better facilities from the Government and they can do co-branding to reach potential customers.

Conclusion

The innovative marketing can function effectively only when the commitment from the management and people in the organization comes. The 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. The SMEs need to formulate their goals clearly and then evaluate the various innovative marketing alternatives on the basis of their capabilities and resources. SMEs’ innovative marketing strategy can work, if it is based on clearly
formulated marketing programme to reach the potential and existing customers. The 80-20 principle need to be considered by the SMEs before formulating CRM strategy.

The successful working of any organization immaterial of its size of operation depends on the people working their. In case people are happy with the work environment and work then their productivity will enhance. Therefore SMEs must ensure of providing conducive work environment for the people, where they can work together enthusiastically and joyfully for the success of the organization and their individual goals.

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