

# Marketing Management in Micro and Small Enterprises: A Study in Warangal District

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## ABSTRACT

Marketing is an essential input for success of small scale industries which produce a wide range of products. Marketing management is a key to success of small scale sector. It plays a very important role for the promotion of the business not only in large organisations but also in small and micro enterprises. The resources required for taking care of the various marketing aspects are obviously lacking with the small scale sector. Therefore, they are not in a position to compete with large well-established business houses and face unfair competition. They cannot conduct surveys, create a brand image, and establish marketing channels etc. as big organisations.

**Keywords:** Marketing Management, Small Scale Sector, Micro Enterprises, Marketing Channels

## INTRODUCTION

Marketing is very important aspect in business since it contributes greatly to the success of the organisation. Production and distribution depend largely on marketing. Marketing is the process of introducing and promoting the product or service into the market and encouraging the people to buy. In economic terms, marketing covers those activities which relate to the creation of time, place and possession of activities.

## Definition of Marketing Management

Marketing is defined as the process of exchange between seller and buyer.

Phillip Kotler defines marketing as a “human activity directed at satisfying needs and process”.

## SIGNIFICANCE OF MARKETING

Marketing starts with the identification of a specific need of the consumer and ends with the satisfaction of that need. The consumer is found both at the beginning and at the end of marketing process. The objective of all business

activities is to satisfy the needs and wants of society. Marketing is therefore, the focal point of all business activities. Production and purchase has no meaning unless a firm is able to market the goods and services. Marketing is equally important from the national viewpoint, which is discussed below.

1. It is through marketing that individual and social needs are satisfied.
2. Marketing helps in improving the standard of living of people by providing a wide variety of goods and services.
3. Marketing generates employment and helps in exports.
4. Marketing helps in collecting information regarding consumers, competitors, price policies, production policies, advertising and sales promotion policies, and distribution policies. Moreover, marketing provides extensive information of the product regarding its quality, price, utility, and place of availability to the society and also helps in communication between firm and society.
5. Marketing is the most effective engine of development. It mobilises latent economic energy and thus is the creator of small business.

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## MARKETING MANAGEMENT IN MICRO AND SMALL ENTERPRISES

Marketing is an essential input for the success of small scale industries which produces a wide range of products numbering over 6000. Marketing management is a key factor in determining the success of an industrial concern.

In order to examine the theoretical aspects of marketing management with a practical approach to the micro enterprises we have served a structured questionnaire to the respondents. The questionnaire consists of nine questions. For each question the data is collected, presented, analysed, and interpreted.

### Basis for Selection of the Product

Marketing management is the key factor for the success of business. Management includes the selection, price, and promotion of the product. The success of any enterprise starts with the selection of product. If right product is selected, we can manage the enterprise successfully. Selection of product is a tough task. Many factors influence the selection process. The entrepreneurs may select the product as a hereditary or out of interest. It also depends upon the demand of the product. Thus in

our study, we made an attempt to ascertain the views of respondents about the basis for selection of the product.

**Table 1: Basis for Selection of the Products**

<i>S. No.</i>	<i>Basis for selection</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Hereditary	12	08%
2.	Out of own interest	116	78%
3.	Demand of the product	15	10%
4.	Suggestions from friends and relatives	07	5%
	Total	150	100%

### About the Branded Product

After completion of the selection process of the product, we made an attempt to examine whether the entrepreneurs preferred branded product or unbranded product. Both types of product in this regard have benefits and limitations. The branded product can easily be marketed but the cost of production is high. Similarly, there is a problem for marketing of unbranded product, but its cost of production is very less. In this regard, we have collected and presented the views of the respondents.

**Table 2: Response Regarding Brand**

<i>S. No.</i>	<i>Response</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Branded	29	19%
2.	Unbranded	121	81%
	Total	150	100%

### Target Customers

Today the business environment is highly competitive. It is a buyer's market. The entrepreneurs, for the purpose of marketing of the product, must satisfy the customers. Customer satisfaction depends upon the type of customer.

The type of customer can be distinguished on the basis of sex, age, and education. Generally, the entrepreneurs can concentrate only a specific type of customers. Thus, in this study, we made an attempt to ascertain the views about the basis they have adopted for selection of the customers.

**Table 3: Target Customer**

<i>S. No.</i>	<i>Target customers</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	All types of people	98	67%
2.	Young	41	027%
3.	Children	21	06%
	Total	150	100%

## Sex Preference

In context of selection of target customers, we made an attempt to know from the respondents whether sex preference is a key factor in this process. According to the information collected from the respondents, the females have significant role in the family for purchase of the product.

**Table 4: Sex Preference**

<i>S. No.</i>	<i>Sex preference</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Male	09	06%
2.	Female	41	27%
3.	Both	100	67%
	Total	150	100%

## Sources of Buying Raw Material

After selection of the product to be manufactured, the entrepreneurs have to start the process of manufacturing. To manufacture the product, they have to purchase the raw materials, for which there are number of sources available in the market. In order to collect data from the respondents, we asked questions about the sources on which they are depending for the purchase of raw material.

**Table 5: Sources of Buying Raw Material**

<i>S. No.</i>	<i>Sources</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Co-operative societies	12	8%
2.	Rural markets	22	15%
3.	Private suppliers	116	77%
	Total	150	100%

## Basis for Fixing the Price

After completion of manufacturing process, the entrepreneurs have to fix a reasonable price for the product. The price should be neither high nor low. If it is

high, it becomes difficult to market. If it is low, the market may consider the product to be of inferior quality. Thus, to ascertain the views of the respondents we have asked a question about the basis for fixing the price.

**Table 6: Basis for Fixing the Price**

<i>S. No.</i>	<i>Basis</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Self	109	73%
2.	Co-operative societies	12	8%
3.	Market forces	29	19%
	Total	150	100%

## Sales Promotion of Your Product or Service

The next step is sales promotion of the product by the entrepreneur in the process of doing business. For good sales, promotion of the product is very important for any entrepreneur in general and entrepreneur of small scale industry in particular. Generally, small entrepreneur will sell the product directly to the customers because of personal attachment. Few may go for sales promotion. Keeping this in view, we have collected the data from the respondents regarding sales promotion of their product.

**Table 7: Sales Promotion of Your Product or Service**

<i>S. No.</i>	<i>Response</i>	<i>No. of respondents</i>	<i>% to total</i>
1.	Yes	51	34%
2.	No	99	66%
	Total	150	100%

## Methods of Sales Promotion

Organisations adopt various types of promotional activities with the objective to give awareness of the product among the customers. The different methods of sales promotion adopted by the different entrepreneurs depend up on the ability of the enterprise to invest the money. The details about promotional devices of various enterprises are discussed in Table 8.

**Table 8: Method of Sales Promotion**

S. No.	Method of sales promotion	No. of respondents	% to total
	Banners	5	10%
1.	Banners& cable T.V.	7	14%
2.	Cable T.V.	12	24%
3.	News papers	10	19%
4.	All the above	17	33%
	Total	51	100%

### Mode of Distribution

Final stage of the marketing channel is distribution of the product. For the purpose of distribution there are a number of ways. They include distribution at business and door delivery. Thus, in order to know about the method of distribution adopted by the entrepreneurs, we asked questions to them and collected data.

According to the data, two-third of the respondents preferred to have easy and economical distribution of the product. They selected the distribution at the business place, while nearly one-fourth of them have taken the help of middlemen for the distribution of the product. A negligible section of respondents opted for door delivery system for distribution. Generally, it is observed that such services are being extended to the senior citizens and physically challenged customers.

**Table 9: Mode of Distribution**

S. No.	Distribution method	No. of respondents	% to total
1.	Sales at business place	97	65%
2.	Distribution through middlemen	39	26%
3.	Door to door delivery	14	09%
	Total	150	100%

### Target Customer vis-à-vis Entrepreneur Gender

It is believed that while determining the target customers the perception of male and female entrepreneurs is different. This difference is also applicable in determining the target customers on the basis of age. Generally, male entrepreneurs have a wider circle and can make a deep study in this area. Similarly, female entrepreneurs are considered to be patient business community for fixing the target customers.

According to the data, nearly two-third of the entrepreneurs have concentrated on all types of people irrespective of the age to find out the target customers for the purpose of selling their products and services. However in the case of male entrepreneurs who have wider knowledge of market have concentrated on all types of people for the purpose of their business. In this context, the female entrepreneurs have paid more attention on young people and children. As per the data, nearly two-third of the total sample targeted young generation and children as their customers. It is because of their patience and cool thinking for taking decision with a specific care and believes.

**Table 10: Target Customer vis-à-vis Entrepreneur Gender**

S. No.	Target customer	Entrepreneur gender				Total No. of respondents	% to total
		Male		Female			
		No. of respondents	% to total	No. of respondents	%to total		
1.	All types of people	89	71%	09	36%	98	65%
2.	Young	29	23%	12	48%	41	27%
3.	Children	07	6%	04	16%	11	8%
	Total	125	100%	25	100%	150	100%

### Sales Promotion vis-a-vis Investment

After conducting the study about the target customers, the next step for the entrepreneurs is to start the manufacturing process. After product is manufactured or at the process of

manufacturing, the entrepreneurs will initiate the activity of sales promotion. Sales promotion is very essential to maximise the sales. This promotion depends upon the amount of investment of entrepreneur. An entrepreneur with lower investment can allocate lower budget on sales

promotion. He may concentrate on one or two types of instruments for promoting the sales. The entrepreneur with higher investment can take up many types of media to get the customers for their product. Thus, an attempt is made to establish a relation between the investment and sales promotion by asking the information from the respondents.

The data reveals that as the amount of investment increases, the selection and number of media also show

an increasing trend. The entrepreneurs with less than Rs. 10 lakh of investment preferred only banners which can be considered as the cheapest mode of attracting the customers. Nearly 60 percent of the entrepreneurs whose investment is in between Rs. 10 – 25 lakh have opted for cable T.V. or banners or newspapers or any two of them for sales promotion. Finally, one-third of the entrepreneurs whose investment is more than Rs. 25 lakh could afford to opt all types of methods with a view to cover the maximum customers in the market.

**Table 11: Sales Promotion vis-a-vis Investment**

S. No.	Method of sales promotion	Investment	No. of respondents	% to total
1.	Banners	Below 10 lakhs	05	10%
2.	Banners& cable T.V.	10 - 15 lakhs	07	14%
3.	Cable T.V.	15-20 lakhs	12	24%
4.	News papers	20 - 25 lakhs	10	19%
5.	All the above	Above 25 lakh	17	33%
	Total		51	100%

## FINDINGS

1. According to the data, 78 percent of the respondents said that they have selected the product out of their own interest, 10 percent of the entrepreneurs selected the product on the basis of the demand of the product, 8 percent of the respondents said that their product is already selected by their elders, thus, they get the product on hereditary, and only 5 percent of the entrepreneurs have selected their product by taking the suggestions from their friends and relatives.
2. According to the data, an impressive percentage of respondents i.e. 81 percent have preferred to manufacture the unbranded product, whereas the remaining i.e. 19 percent preferred to manufacture the branded product. Unbranded product is preferred because of local environment. The entrepreneurs could manufacture the product at cheaper cost of production. Further, they can dispose the product at lesser price.
3. According to the data, two-third of the respondents selected all types of customers for the purpose of marketing of these products. Nearly one-fourth of the respondents targeted young people and an insignificant proportion i.e. 6 percent selected children as their target customers. This overwhelming percent explains that entrepreneurs are not in a position to manufacture a specific type of product to satisfy the desires of the specific types of customers. They are in a position to manufacture the product which can be marketed to any type of customer. Therefore, it is clear that our respondents have not paid any attention for the selection of target customers.
4. According to the information, 77 percent of the enterprises are buying the raw material from the private suppliers, 15 percent of the entrepreneurs are buying from rural markets, and only 8 percent of the respondents said that they buy their raw material from co-operative societies.
5. As per the information, 73 percent of the entrepreneurs fix the price of their commodities on their self-decision. 19 percent of the respondents said that they fix the price according to the market forces, and according to the response of the 8 percent respondents, they fix the price as per the suggestions of co-operative societies.
6. According to the data, two-third of the respondents have not adopted any sales promotion and only one third have adopted sales promotion in order to sell their products.
7. According to the data, there is a mixed response for using of the methods of sales promotion by the

entrepreneur to increase the sales. Nearly one-third of the respondents are using multiple methods of sales promotion to attract the customers. These include banners, cable T.V., and newspapers. 19 percent of the respondents are using print media for the purpose of sales promotion. This intention is mainly to attract the educated customers. Nearly one-fourth are using T.V. for promoting their sales by concentrating mainly on illiterate consumers.

8. According to the data, two-third of the respondents preferred to have easy and economical distribution of the product. They selected the distribution at the business place, nearly one-fourth of them have taken the help of middlemen for the distribution of the product.

## CONCLUSIONS

1. As per the data, three-fourth of the respondents fix the price of products by their own decision. This is because proper and careful pricing and the adoption of a proper price policy are some of the most important steps towards the success of small scale industries. It means there is no government restriction on them regarding fixing the price. Few of the entrepreneurs fix the price according to the market situation and competition and with the help of cooperative societies.
2. It is evident from the data that entrepreneurs while selecting the product paid much attention to their own interest. A person if selects the product of his own interest can successfully manage the organisation. Interest of entrepreneur plays an important role in the business. Any option for doing business requires interest of the entrepreneur.
3. As per the information, two-third of the respondents have not adopted any sales promotion and only one-third have adopted sales promotion in order to sell their products. It is clear from the analysis that majority of the entrepreneurs are marketing the product without sales promotion and directly to consumers as they have personal attachment with them.
4. According to the data, there is a mixed response for using of the methods of sales promotion by the entrepreneur to increase the sales. Nearly one-third of the respondents are using multiple methods of sales promotion to attract the customers. They include banners, cable T.V. and newspapers. Few of the respondents are using print media for the purpose of sales promotion. This intention is mainly to attract the educated customer. Nearly one-fourth are using T.V. for promoting their sales by concentrating mainly illiterate consumers. Thus, it is clear that the entrepreneurs who do not have local influence and who are not in position to develop the personal attachment with the customers are going from pillar to post to sell their product.
5. According to the data, two-third of the respondents preferred to have easy and economical distribution of the product. They selected the distribution at the business place, nearly one-fourth of them have taken the help of middlemen for the distribution of the product. A negligible proportion of respondents opted for door delivery system for distribution. Generally, it is observed that such services are being extended to the senior citizens and physically challenged customers.
6. According to the data, nearly two-third of the entrepreneurs have concentrated on all types of people irrespective of the age to find out the target customers for the purpose of selling their products and services. However, male entrepreneurs who have wider knowledge of the market have concentrated on all types of people for the purpose of their business. In this context, the female entrepreneurs have paid more attention on young people and children. As per the data nearly two-third of the total sample targeted young generation and children as their customers. It is because of their patience and cool thinking for taking decision with specific care and beliefs.
7. The data reveals that as the amount of investment is increases, selection and number of media also show an increasing trend. The entrepreneurs with below Rs. 10 lakh of investment preferred only banners which can be considered as the cheapest mode of attracting the customers. Nearly 60 percent of the entrepreneurs whose investment is in between Rs. 10-25 lakh have opted for cable T.V. or banners or newspapers or any two of them for sales promotion. Finally, one-third of the entrepreneurs whose investment is more than Rs. 25 lakh could afford to opt all types of methods with a view to cover the maximum customers in the market.

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