

Revisiting Marketing Strategies for MSMEs in the Resilient Business Environment

* *Kulbhushan Chandel*

** *Nitya Sharma*

Abstract

The growth of medium, small, and micro enterprises has been the most significant feature of a planned economy. It has a unique advantage of providing high rate of employment opportunities with lesser capital investment. The MSMEs consider the design, development, branding, and positioning of the product as the most critical decision amongst all the strategic decisions to be made while designing marketing strategies. This paper attempted to investigate the influence of marketing strategies in determining the success of an enterprise while exploring market avenues for a small scale firm. The study is based on primary data collected by using a structured questionnaire. Various statistical tools like mean, standard deviation, skewness, kurtosis, chi-square, correlation, and factor analysis had been used for data analysis. Analysis of various factors influencing the internal and external business environment suggest that market aesthetics and its market demand were the most decisive factors which influenced the decision of entrepreneurs. Henceforth, it could be summated that while designing the marketing strategies for a firm, the MSMEs made an assessment of various market factors. However, the industry requires constant upgradation of information regarding the use of newer production technology and market requirements for survival in the market and for facing the global pressures. It is suggested that the entrepreneurs should recognize the use of web portals and e-marketing and also develop cartel and clusters to build the requisite infrastructural and operational facilities to come at par with international standards.

Keywords: product, market, strategy, small scale industries, MSMEs

Paper Submission Date : April 17, 2014 ; **Paper sent back for Revision :** May 17, 2014 ; **Paper Acceptance Date :** June 19, 2014

The micro, small, and medium enterprises (MSME) sector contributes significantly to the manufacturing output, employment, and exports of the country. It is estimated that in terms of value, the sector accounts for about 45% of the manufacturing output and 40% of the total exports of the country. The sector was estimated to employ about 59 million persons in over 26 million units throughout the country. Furthermore, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India (Annual Report, MSME, 2011). There are a number of incentives and promotional activities undertaken at the policy making and administrative levels by the government to promote this sector.

Specific initiatives and policies to support small firms were increasingly implemented in the last decade. These initiatives and reforms are specifically focused towards the development of the medium, small, and micro enterprises so that they could endure challenges and competition not only from within the industry, but also from the whole manufacturing sector comprising of large, medium, and small-scale sector, both domestic and international. Developing a marketing strategy is one of the most challenging tasks for the medium, small, and micro enterprises. The small-scale entrepreneurs consider the design, development, branding, and positioning of the product as the most critical decision amongst all the strategic decisions to be made while designing marketing strategies. Marketing strategies could be described as the transformation of a market opportunity and a set of assumptions about product technology into a product available for sale.

*Associate Professor, Department of Commerce, Faculty of Commerce and Management, Himachal Pradesh University, Shimla, Himachal Pradesh. Email : kulbhushanchandel@gmail.com

** Dy. Controller of Examination, Punjab Technical University, Kapurthala, Punjab. Email : nityadcoe.ptu@gmail.com

Review of Literature

A thorough literature review was attempted, which is characterized by a logical flow of ideas, current and relevant references with a consistent, unbiased, and comprehensive view of the previous research on the various aspects of product strategies of small scale industries in Punjab. Wheelwright and Clark (1992) observed that the long term competitiveness of any manufacturing company ultimately depends on its product development capabilities. New-product development holds hope for improving the market position and financial performance, creating new industry standards and new niche markets, and even renewing the organization. Bala Subramanya (2007) traced the scope and dimensions of global opportunities that emerged in the era of globalization through the rapid growth of transnational corporations (TNCs), which Indian small to medium-sized enterprises (SMEs) could exploit. It prescribed a dual strategy of vertical integration of local SMEs with global TNCs for the production of intermediate goods and horizontal cooperation through networking among local SMEs to link up with global TNCs for the production and marketing of consumer goods.

Dutz (2007) reviewed the potentialities of small industry segments in India in respect of high tech production and also highlighted the underperformance in these sectors regarding innovation potentialities. He further observed that undoubtedly, the government had launched a range of programs to promote technology absorption by small enterprises, including support for cluster development, but no quantitative analysis existed to assess their effectiveness. Gupta (2009) observed that in an economically distressing position worldwide, the micro, small, and medium scale enterprises were hit hard. A large number of workers had been laid off because of depressed demand, piled up inventory, and pending receivables. He proposed that some of the urgent steps that are required are : (a) technology audit of MSMEs by formal R & D institutions, (b) creation of National Innovation and Research & Development fund for MSMEs for replacing age old material technologies and production processes, (c) awards for innovation by and for MSMEs, particularly engaging the youth, and there should be dedicated research & development centers for various industrial clusters. The Government of Punjab and CII (2012) organized a business to business exposition “Destination Punjab”. It aimed at providing a platform to the industry players to explore the engineering opportunities, especially in the defence sector. The theme projected for the convention specifically focused on indigenization of the defence sector, procurement, identifying, and connecting with domestic and international markets.

Thus, the critical examination of various published and unpublished works related to the study enabled us to construct the objectives of the present research study.

Rationale of the Study

There are immense potentialities possessed by the medium, small, and micro enterprises, which are required to be harnessed. The appropriateness of marketing strategies can deliver excellence in the market and can support all the market-related activities. The medium, small, and micro scale entrepreneurs may dominate the market with the use of newer production technology and combat global pressures. The government would have an insight of the haves and have nots of this sector and frame suitable policies accordingly. These policy initiatives would address the problems of disorganized manufacturing, industrial backwardness, and inadequate marketing planning. It is perceived that the emphasis on these issues would create a mass revolution in the industry, and the small-scale sector would emerge as the market leader in competence and proficiency. Therefore, there is a need to identify an effective strategy for the medium, small, and micro enterprises. The present research work is an attempt to study all these contemporary issues and to provide valuable input to the researchers and policy makers.

Objectives of the Study

The present study aimed to evaluate the importance of marketing strategies while exploring the market of medium, small, and micro enterprises in Punjab. The pin pointed objectives of the present research work are as follows :

- To analyze the determinants of marketing strategies for medium, small, and micro enterprises in Punjab,
- To examine the relationship of key market indicators of medium, small, and micro enterprises,
- To study the efficacy of the market factors in designing marketing strategies for medium, small, and micro enterprises.

Research Design

The study is based on primary data. The primary data were collected through a structured questionnaire. The sample was drawn from those districts where ever the concentration of MSMEs was the highest. For this purpose, the samples were considered from Amritsar (125), Jalandhar (125), Ludhaiana (190), and Sangroor (60), making a total of 500 respondents. First-hand information was collected from entrepreneurs manufacturing diverse products like tea , hosiery hand tools, leather goods, pipefittings, vices, bicycle parts, sewing machines, autoparts, weighing scales, screws, paints, pharmaceuticals, knitting, sports goods, chill rolls, and agricultural equipments to have an unbiased data representing the major small scale industry of Punjab. Moreover, the industries surveyed also covered sole proprietorship, partnership, and joint stock company kind of businesses. Moreover, only those industries were surveyed which had been in business for more than 5 years. By this way, an effort was made to give due representation to all.

The data collected were analyzed using different statistical tools like mean, standard deviation, skewness, kurtosis, chi-square, correlation, and factor analysis. The scope of the present research work has been kept limited to the state of Punjab only. The four districts, namely Amritsar, Jalandhar, Ludhiana, and Sangroor were selected on the basis of the largest concentration of MSMEs in the state. The study was conducted in December 2013.

Analysis and Results

➤ **Determinants of Marketing Strategies for MSMEs - An Analysis :** Marketing variables are helpful in planning and guiding marketing strategies so that the marketers can craft decisions after proper evaluation of the internal and external environment. While undertaking the present research, the medium, small, and micro scale entrepreneurs were interviewed regarding how they match their resources with their objectives and develop a competitive edge in a large market. The Table 1 exhibits the impact of the factors playing a decisive role in formulating a marketing strategy. The analysis was performed on 18 different variables encompassing the external and internal ambit. While evaluating the different factors, the results indicate that strength and opportunities of an organization, market competition, market structure, market share, market demand, customer preference, financial resources, and cost structure exerted more pressure in formulating the marketing strategies.

The factors which are important but were considered secondly while prioritizing the impact are customer loyalty, technology, government policy, research & development, product attributes, advertisements, sales promotion, distribution network, and after sales services. It can be evidently inferred that the entrepreneurs were very much aware and enlightened about the impact of market related factors like market size, structure, composition, demand, requirement, competition, and so forth in devising marketing strategies. The other parameters were not considered to a larger extent while formulating the marketing strategies. Similar observations were made by Ali (1999), Murugan (2002), Narayana (2004), and Debroy (2006) in their studies on various aspects of the small-scale industries. They held their views that all the above-mentioned factors had a competitive and enabling impact on small firms in determination of marketing strategies. However, Gautam and Singh (2012) revealed in their study that all the above- mentioned factors were dependent on the liberalization policy of the government. They put forward that liberalization has resulted in increased competition, increased quality consciousness and market planning, which form the basis for formulation of marketing strategies.

Thus, by integrating the marketing goals, the entrepreneurs chalk out their strategy using which they can identify the right price meeting production cost, attracting customers, and be successful in generating profits. It implies that a small scale firm embraces the various determinants stretching from their philosophies and

Table 1. Significant Factors for Formulating Marketing Strategies: An Analysis

Factors	Large Scale	Small Scale	Not at All	\bar{x}	SD	Sk	Kt	χ^2	p - Value
Strength and Opportunities of Organization	175 (35.2)	226 (45.5)	96 (19.3)	2.15	.721	-.249	-1.057	51.795	.000
Market Competition	222 (44.7)	224 (45.1)	51 (10.3)	2.34	.657	-.502	-.712	11.7067	.000
Market Structure	133 (26.8)	265 (53.3)	99 (19.9)	2.06	.680	-.085	-.237	92.829	.000
Market Share	142 (28.6)	256 (51.5)	99 (19.9)	2.08	.691	-.116		79.465	.000
Market Demand	228 (45.9)	220 (44.3)	49 (9.9)	2.36	.654	-.533	-.688	123.433	.000
Customer Preferences	216 (43.5)	217 (43.7)	64 (12.9)	2.30	.686	-.479	-.826	95.590	.000
Customer Loyalty	125 (25.2)	233 (46.9)	139 (28)	1.97	.729	.043	-1.113	41.642	.000
Financial Resources	165 (33.2)	238 (47.9)	94 (18.9)	2.14	.708	-.211	-.995	62.588	.000
Government Policies	36 (7.2)	234 (47.1)	227 (45.7)	1.61	.618	.478	-.645	152.382	.000
Technology	81 (16.3)	264 (53.1)	152 (30.6)	1.85	.670	.174	-.791	102.765	.000
Research & Development	72 (14.5)	237 (47.7)	188 (37.8)	1.76	.685	.336	-.869	86.684	.000
Cost Structure	201 (40.4)	236 (47.5)	60 (12.1)	2.28	.667	-.398	-.784	104.793	.000
Product Attributes/UPS	92 (18.5)	237 (47.7)	168 (33.8)	1.84	.707	.227	-.990	63.505	.000
Product Pricing	253 (50.9)	199 (40)	45 (9.1)	2.41	.652	-.681	-.568	140.636	.000
Advertisements	53 (10.7)	216 (43.5)	228 (45.9)	1.64	.665	.540	-.717	115.368	.000
Sales Promotion	81 (16.3)	220 (44.3)	196 (39.4)	1.76	.710	.367	-.974	66.644	.000
Distribution Network	101 (20.3)	209 (42.1)	187 (37.6)	1.82	.742	.289	-1.141	39.324	.000
After Sale Services	116 (23.3)	215 (43.3)	166 (33.4)	1.89	.747	.165	-1.193	29.581	.000

Note: Data in parenthesis denotes percentages

competencies to their financial and market considerations.

➔ **Key Market Indicators of Marketing Strategies of MSMEs - A Zero Order Correlation Matrix :** Furthermore, a zero-order correlation was applied to know that to what extent the market/ business indicators influenced the firms' key decisions to market their products. There are a number of factors which influenced the firms' decision making. The relationship amongst different key market indicators (as exhibited in the Table 2) was studied to know how the small entrepreneurs, within their chosen environment, guided the allocation of their resources and efforts. When the relationship of market requirement was examined with respect to other factors, it was observed that it shares a significant relationship with technology upgradation, government incentives, business environment, strength and opportunities of an organization, market competition, market structure, market share, market demand, customer preference, customer loyalty, financial resources, government policies, legal framework, research development, cost structure, product attributes, advertisements, sales promotion, distribution network, and after sales services. This shows that the firms assessed their market requirement in the light of all the said variables.

Similarly, when the relationship of technological upgradation and research & development was explored with reference to other factors, it was revealed that medium, small, and micro enterprises were sensitized towards the adoption of newer technology to enhance their product performance in the market . It also showed a significant relationship with all other factors except strength and opportunities of an organization, market demand, customer preference, research & development, cost structure, and product pricing. It implies that the market accessibility of small scale industries is limited due to financial and resource constraints. They showed their willingness to upgrade themselves with newer technology, which results in an increase in the cost of their products. However, customers bargain on competitive prices as other options exist in the market. Investing in research and development activities increases the unwillingness of the buyer to pay higher prices for the products, which makes it difficult for the MSMEs to survive in the market. The government is undoubtedly offering a comprehensive set

of incentives in the form of financial aids, infrastructure, taxation, market, and so forth.

We attempted to ascertain whether the entrepreneurs identified incentive programs as the basis for formulating marketing strategies. When the aforesaid variables were examined, government incentives and so forth showed a positive and significant relationship with the prevailing business environment, competitor's strategy, market share, customer loyalty, and government policies. In the same pretext, the business environment is significantly related to the competitor's strategy, market structure, market share, and customer loyalty. This further shows that medium, small, and micro enterprises assessed the market preferences in the light of the business environment while determining their marketing strategies. Furthermore, it was examined that to what extent the competitor's strategy was influenced by other factors. The study shows a positive and significant correlation with market structure, market share, customer loyalty, financial resources, government policies, legal framework, research & development, advertisements, sales promotion, distribution network, and after sales services.

Similarly, when the strength and opportunities of an organization were correlated with other variables, it was observed that it bore a significant relationship with market requirement, market structure, market share, market demand, customer loyalty, financial resources, government policies, legal framework, research & development, product attributes, advertisements, sales promotion, distribution, and network. This shows that medium, small, and micro enterprises combined information from the environment and identified their potential for delivering their offerings in the market encompassing their resources and competitive advantage, which motivated them to exist and prosper in the market place.

Furthermore, market structure also established a significant correlation with market demand, market share, customer preferences, customer loyalty, financial resources, government policies, legal framework, product attributes, product pricing, advertisements, distribution network, and after sales services. It can be interpreted that the small scale industries broadly recognized that understanding of the prevailing market structure allows the firms to create and implement competitively superior growth strategies that consistently exceed expectations. It enables them to identify where growth sources exist and how to attract them. Market share and market demand also shared a significant relationship with the abovementioned variables. This shows that input from all the variables helps small firms to identify the base line market share and market demand according to their market potential so that they could place their products in the right market.

Customer preferences and customer loyalty were given due importance while framing the marketing strategies. The results show that the two variables are significantly correlated with all other variables except government incentives and policies, competitor's strategy, and cost structure. Therefore, an understanding of consumer behavior enables a marketer to take marketing decisions, which are compatible with the consumers' needs. In the same context, financial resources are significantly related to other variables except cost structure, product attributes, advertisements, sales promotion, and distribution network, where it shows a negative relationship. This implies that with limited funds, the small scale industries refrain to restructure their product development and product positioning as it would increase their cost and may not fetch returns from the market.

Costing of products entails that the finances are utilized in the production process. It begins with the development of an idea for the product, acquisition of raw material, and criterion of production facilities, including labor costs that are used to create the end product. The Table 2 shows that there exists a significant correlation amongst cost structure and product pricing. Therefore, analyzing the said factors as a part of determining the cost structure yields benefits to small scale entrepreneurs. Firstly, the current cost structure aids in determining the unit price of a product produced and secondly, evaluating the expenses that make up the cost structure helps in identifying the processes that could be refined for greater efficiency.

Similarly, product attributes show a significant bearing with the distribution network, advertisements, and sales promotion, which implies that long term competitiveness of any manufacturing company ultimately depends on its unique product attributes for improving its market position. On the same lines, product positioning through a proper distribution network, advertisements, and providing after sales services yield a satisfied customer. When these variables were examined, the results show a significant relationship amongst them. It conveys that in an era of ever growing competition, enterprises realize that in order to gain new market and create superiority over their rivals, they need to position their products into the market by doling out unique selling proposals after reviewing

consumer behavior and their perceptions. The results are in confirmation with the results deduced by Pheng and Ming (1999). They derived that marketing mix used by the firms vary according to the firms' resources, market conditions, and changing needs of clients. Decisions cannot be made on one element without considering its impact on the other elements.

Thus, the above findings suggest that with recent progressive development in small-scale industries, the entrepreneurs look for proper appraisal and implementation of market strategies, which consist of product, price, promotion, and place strategies. A carefully planned strategy in the competitive environment creates performance and credibility for a firm in its market. It is inferred that successful marketing strategies entail a successful relationship with the components of the market, government policies, resources, and unique capabilities possessed by a small scale firm. A key requirement of the firm is to know the long-term needs and desires of the customers so as to be able to offer better and added value on top of the core service.

➡ **Factors Determining Marketing Strategies - An Analysis :** The variables in the analysis were tested by using the Bartlett's test of sphericity. The Kaiser-Meyer-Olkin (KMO) measure was applied to test the sampling adequacy. To extract the dimensions of strategy and factors influencing product strategies, factor analysis was applied using principal component analysis and varimax rotation. The Table 3 depicts the value of KMO as 0.749, (which is greater than the threshold value of 0.6), which indicates that factor analysis could be conducted for this data. Furthermore, Bartlett's measure confirms that the original matrix is an identity matrix.

Next, principal component analysis was applied. The most general pattern of relationships could not be identified through the component matrix, so rotational matrix was produced. As depicted in the Table 4, rotational component matrix identified eight major factors. Factor 1 is loaded with variables which ascertained the competitiveness of a firm like competitor's strategy, business environment, government incentives, technological upgradation, market requirement, and market share. Therefore, Factor 1 was named as Competition Oriented Factors. These competitive variables enabled the firms to identify the profitable segments and enlarge its customer base and are driven by technology. It implies that customers' requirements in the light of the business environment were analyzed properly to develop the marketing strategies.

Factor 2 is characterized by logistics requirements of a firm, namely product attributes, distribution network, customer loyalty, and sales promotion activities. Therefore, it can be inferred that while framing the marketing strategies, the above-mentioned factors helped the firm to focus on its market positioning. Hence, this factor was named as Market Positioning Indicators. The next load on factors depicts the sensitiveness of the firms towards innovation to improve the performance of their products and to convey the same to the customers. Thus, the Factor 3 focuses on research & development, strength of and opportunities for a firm, and advertisements. Thus, this factor was named as Creative Attributes . These variables were important for stimulating operations, helping small scale industries to obtain higher levels of growth through mutual simulation and making use of innovative knowledge.

Factor 4 is dominated by variables like after sales services and financial resources. This factor conveys that after assessing their financial position, the firms intended to satisfy the consumers not only till the delivery of the products, but to render services even after that in the form of after sales services for maintenance of the products. Therefore, this factor was named as Customer Retention Attributes. The Factor 5 puts forth the load on market structure and government policies, which conveys that both the indicators formed a boundary for the firm under which the firm devised its marketing strategies and was named as Premise Defining Attributes. In the same pretext, Factor 6 is characterized by market competition and customer preferences. Focusing on these two factors, the firms defined their market, selected it, positioned and differentiated their products from competitors, and if required, they took entry/ exit decisions, and these indicators were collectively named as Market Oriented Indicators.

The Factor 7 is loaded with cost structure and product pricing. It means that the cost structure formed the basis for setting the prices for a firm. The firms prioritized the cost, competitor prices, and customer benefits and these variables were named as Elementary Pricing Pointers /Attributes. The last factor (Factor 8) weighed by the respondents was legal framework and was labelled as Regulatory Attributes, which relates to issues pertaining to contractual relationship, condition for merchantable quality, and so forth as well as regulatory bodies set up to

Table 2. Efficacy of Market Factors in Deciding Marketing Strategies: A Zero Order Correlation Matrix

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Market Requirement	1																						
Technological Upgradation	.384**	1																					
Micro and Macro Environment	.332**	.309**	.514**	1																			
Competitor's Strategy	.434**	.506**	.444**	.458**	1																		
Strength and Opportunities of Organization	.191**	-0.001	0.024	-0.028	0	1																	
Market Competition	.127**	.219**	0.053	-0.023	0.015	0.067	1																
Market Structure	.267**	.266**	0.038	.116**	.195**	.183**	.110*	1															
Market Share	.300**	.316**	.202**	.295**	.307**	.170**	.107*	.197**	1														
Market Demand	.178**	0.047	-0.057	0.057	0.011	.182**	.171**	.171**	0.025	1													
Customer Preferences	.167**	0.06	0.008	-0.048	-0.05	.097*	.254**	0.007	.097*	.212**	1												
Customer Loyalty	.130**	.217**	.142**	.254**	.193**	.173**	0.054	.114*	.217**	.195**	.183**	1											
Financial Resources	.279**	.151**	0.032	-0.014	.105*	.212**	0.072	.247**	.250**	.180**	.113*	-0.012	1										
Government Policies	.191**	.230**	.188**	.170**	.210**	.259**	.133**	.202**	.144**	.114*	0.049	.204**	.158**	1									
Technology	.225**	.217**	0.079	0.027	.114*	.097*	.153**	.216**	.109*	0.062	.126**	.177**	.209**	-0.069	1								
Research & Development	.225**	0.056	.126**	.183**	.107*	.169**	.116**	0.052	.183**	.134**	.101*	.185**	.127**	.145**	.217**	1							
Cost Structure	-0.087	0.047	-0.011	-0.065	0.016	0.032	.149**	-0.065	0.025	.186**	0.065	.190**	-0.039	-0.009	.208**	.136**	1						
Product Attributes/USP	.220**	.119**	-.155**	-0.051	0.064	.221**	-.116**	.089*	.126**	.215**	0.055	.273**	0.084	0.064	0.018	0.03	-0.049	1					
Product Pricing	-0.033	0.038	-0.017	-1.20**	-0.054	0.081	0.087	.090*	.098*	.090*	.141**	0.004	.150**	0.04	.142**	.088*	.171**	-0.062	1				
Advertisements	.231**	.112*	.218**	.161**	.163**	.272**	0.056	.138**	.211**	.176**	.153**	.296**	-0.017	.210**	-0.009	.262**	0.067	.181**	0.048	1			
Sales Promotion	.264**	.214**	.191**	.287**	.183**	.190**	0.076	0.07	.283**	.180**	.207**	.334**	-0.05	.192**	.159**	.175**	0.003	.190**	-0.052	.211**	1		
Distribution Network	.201**	.158**	-0.042	.177**	.140**	.157**	0.031	.211**	.088*	.178**	.116**	.192**	-0.068	.154**	-0.054	-0.06	-0.051	.257**	-0.029	.191**	.372**	1	
After Sale Services	.360**	.278**	.214**	.166**	.283**	0.075	0.034	.089*	.185**	.091*	0.08	0.043	.252**	.143**	0.068	.135**	-0.011	.112*	.149**	.150**	.150**	0.078	1

**. Correlation is significant at the 0.01 level(2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

1. Market Requirement, 2. Technological Up-gradation, 3. Cost Structure, 4. Micro and Macro Environment, 5. Competitor's Strategy, 6. Strength and Opportunities of Organization, 7. Market Competition, 8. Market Structure, 9. Market Share, 10. Market Demand, 11. Customer Preferences, 12. Customer Loyalty, 13. Financial Resources, 14. Government Policies, 15. Technology, 16. Research & Development, 17. Government Policies 18. Product Attributes/ USP, 19. Product Pricing, 20. Advertisements, 21. Sales Promotion, 22. Distribution Network, 23. After Sales Services

Table 3. Significant Factors Determining Marketing Strategies: Sampling Adequacy Test

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.749
Bartlett's Test of Sphericity	Approx. Chi-Square	2363.984
	<i>Df</i>	253
	Sig.	.000

regulate the marketing activities and protect the customers.

These observations - more or less - are in confirmation with the 16 “Service Modules” devised by the UNIDO (2000) report. However, in contrast, Yoon and Lee (2010), while applying confirmatory factor analysis, revealed that the components of marketing strategy, which formed the basis of market oriented culture amongst small enterprises in Seoul are: Situational analysis, comprehensiveness, strategic principles, inter departmental cooperation, communication, consensus, resource commitment, execution, and control. The above analysis cites several factors to be mentioned including comparative advantage, economic trends, business conditions, competition, and the product life cycle, which influenced the decisiveness of the entrepreneurs while framing marketing strategies. Thus, the results of the factor analysis revealed that strategy formulation takes into account aspects such as objectives that are being pursued, the targeted customer group (s), the intended customer benefits to be offered, and the basic design of the marketing mix in the light of core strengths and opportunities a firm possessed. Hence, the small scale industries drafted their marketing strategies with a focus towards the

Table 4. Significant Factors Determining Marketing Strategies: A Rotated Component Matrix

Components	1	2	3	4	5	6	7	8
Competitor's Strategy	0.762	0.097	-0.056	0.142	0.15	-0.119	0.049	0.028
Business Environment	0.755	0.049	0.14	-0.118	-0.038	-0.035	-0.112	-0.036
Government Policies	0.744	-0.224	0.183	0.037	-0.083	0.054	-0.027	-0.079
Technological Upgradation	0.64	0.164	-0.203	0.153	0.308	0.132	0.144	0.118
Market Requirement	0.502	0.219	0.168	0.393	0.151	0.18	-0.256	0.188
Market Share	0.406	0.123	0.252	0.208	0.163	0.025	0.001	0.167
Product Attributes/USP	-0.092	0.743	0.111	0.21	0.038	-0.222	-0.073	0.106
Distribution Network	0.138	0.659	-0.097	-0.087	0.206	0.162	-0.07	-0.257
Customer Loyalty	0.284	0.48	0.328	-0.238	0.014	0.027	0.296	0.149
Sales Promotion	0.348	0.48	0.257	-0.12	-0.109	0.28	-0.117	0.098
Market Demand	-0.092	0.4	0.178	0.143	0.136	0.314	0.215	-0.002
Research & Development	0.162	-0.103	0.667	0.073	-0.097	0.087	0.081	0.282
Strength and Opportunities of Organization	-0.132	0.203	0.617	0.109	0.356	0.02	-0.053	-0.035
Advertisements	0.217	0.26	0.574	0.031	-0.014	0.056	0.131	-0.239
After Sale Services	0.344	0.119	0.021	0.712	-0.104	0.034	0.077	-0.102
Financial Resources	-0.027	-0.093	0.171	0.607	0.397	0.046	-0.094	0.262
Market Structure	0.141	0.145	0.016	0.057	0.764	0.022	-0.021	0.135
Government Policies	0.25	0.023	0.363	0.012	0.462	0.114	0.061	-0.429
Market Competition	0.074	-0.141	-0.009	-0.077	0.258	0.747	0.137	0.048
Customer Preferences	-0.06	0.212	0.123	0.188	-0.191	0.729	-0.005	0.073
Cost Structure	0.004	0.028	0.079	-0.131	-0.068	0.063	0.792	0.19
Product Pricing	-0.111	-0.101	0.041	0.43	0.081	0.112	0.583	-0.072
Legal Framework	0.125	0.012	0.069	0.034	0.172	0.139	0.178	0.789

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Table 5. Efficacy of Marketing Strategies in the Overall Performance of MSMEs: An Analysis

Factors	Large Extent	Small Extent	Not at All	\bar{x}	Sd	Sk	Kt	χ^2	p -value
Increased Market Share	168 (33.8)	234 (47)	95 (19.1)	2.14	0.713	-0.222	-1.019	58.362	.000
Improved Brand Image	216 (43.5)	215 (43.3)	66 (13.3)	2.30	0.690	-0.479	-0.844	89.944	.000
Increased Profit Margins	122 (24.5)	251 (50.5)	124 (24.9)	1.99	0.704	0.006	-0.977	65.944	.000
Increased Customer Attraction	173 (34.8)	227 (45.7)	97 (19.5)	2.15	0.721	-0.239	-1.059	51.493	.000
Improved Product Quality	210 (42.3)	219 (44.1)	68 (68)	2.28	0.691	-0.447	-0.864	86.612	.000
Maintained Inventory Levels	128 (25.8)	212 (42.7)	157 (31.6)	1.94	0.755	0.097	-1.242	21.976	.000
Provided Competitive Advantage	210 (42.3)	219 (44.1)	68 (13.7)	2.28	0.691	-0.447	-0.864	86.612	.000

Note: Data in parentheses denote percentages

organization's resources on the selection and exploitation of market opportunities consistent with and supportive of strategic objectives and goals.

We were inquisitive to know whether the marketing strategies yielded the expected results for the entrepreneurs or were they just an added liability for their businesses? Therefore, an attempt was made to evaluate the benefits derived by adoption of marketing strategies in terms of enhancement of market share, brand image, profit margin, customer attraction, product quality, and competitive advantage. The findings, as displayed in the Table 5, reflect that the respondents revealed that the adoption of marketing strategies improved their performance. However, the results also denote that its contribution is adjudged secondly regarding increasing profit margins and maintaining a competitive edge. This shows that entrepreneurs, while adopting the marketing strategies as a part of their market strategy, could derive both direct and indirect benefits, which ultimately enhanced the competitiveness of their firms. Indian MSMEs need to learn from Chinese experience. Siu (2001) was of the view that Chinese SMEs have a strong ability to respond to market signals, to create new products, and to develop brands that differentiate them from their competitors.

Managerial Implications

The paper highlights that the entrepreneurs, while devising the market strategies for their products, must consider that there must be a proper evaluation and execution of market strategies, which should be a blend of product, price, promotion, and place strategies. They primarily consider the product and pricing strategies, but ignore the promotion and distribution part. A prudent strategic approach in the competitive business environment generates both revenue and recognition in the market. It is anecdotal that efficacious marketing strategies necessitate an effective relationship with the stakeholders (customers, the government, legal framework, and coexisting counterparts) of the business economy. Thus, the managers /entrepreneurs must understand and work towards fulfilling the enduring needs of customers so as to nurture the market and deliver qualitative and innovative products.

Implications for Policymakers

The highlights of this paper suggest that the small scale entrepreneurs had a feeling of distrust in the government machinery. It is, therefore, suggested that firstly, the government should propagate its agenda and programmes so as to reach the lowest deprived level of this sector. Moreover, the government should focus on two important aspects as part of its agenda. Firstly, product precision and secondly, the marketing aspect of medium, small and micro enterprises. The quality of products manufactured by MSMEs can come at par with international standards if they are appraised with upcoming trends in technology. They must be encouraged and the government needs to provide financial aid (soft loans may be provided at subsidized rate of interest) for replacement of outdated technology with newer technology to withstand competition in the global market. The government should

strengthen its supply chain mechanism by facilitating forward and backward linkages to improve the marketability of the products. Its market information collection system should be improvised by preparing a data bank. This data bank would act like a server to judge the prospective trends of the marketability of the products. This information could be disseminated to the units at the earliest so that they can schedule their production and develop the market strategies accordingly. This would ensure a sustainable development of the MSMEs.

Conclusion and Suggestions

Analysis of various factors influencing the internal and external business environment suggest that market aesthetics and market demand are the most decisive factors which influenced the decision of entrepreneurs to establish medium, small, and micro enterprises. It proves that marketing is a pivotal point of all business activities and aims to secure maximum realization from the market. Furthermore, the role of market information, technical competence, and strong forward and backward linkages with industrial houses is eventually a second priority. It is also pointed out that as Jalandhar and Ludhiana are established industrial centers, so perceived needs regarding the above are comparatively lesser than for industries in Amritsar and Sangroor. Moreover, the incentives provided by the government to the industry has been kept at the last rank with other factors. It signifies that the entrepreneurs of Punjab - with least support from the government, relying on their own entrepreneurial, financial, and technical capabilities - dominate the industrial scenario.

The present study aimed to ascertain that while planning marketing, how did the entrepreneurs consider the augmented benefits along with core benefits of product, price, and other market factors and thereby, how did they formulate the marketing strategies? It could be concluded that amongst all the factors examined, the manufacturers' main concerns were competitive strategy, business environment, government policies, technological upgradation, market requirements, and market share. Product attributes like quality of products, branding, standardization and distribution network, customer loyalty, and sales promotion were important, but were the second most important variables in the priority list. The focus of MSMEs also remained on market demand, research & development, and strengths and weaknesses of firms. They primarily focused on core dimensions of the market like financial resources, government policies, market competition, cost structure, pricing components, and legal framework. This signifies that MSMEs, while formulating their marketing strategies, aimed to become the market leaders. They organized their resources, coordinated and controlled the operations to fully exploit their potential. Henceforth, it can be summed up that while designing marketing strategies of MSMEs, the small scale industries make an assessment of various variables like ingredients of the product mix, product development, product standardization, branding and packaging activities, pricing, distribution, and other market factors.

In the light of the overview presented, it is evocative that marketing planning exclusively includes all peripheral factors that may contribute towards a satisfied customer. However, it was revealed that most of the medium, small, and micro scale entrepreneurs were facing marketing problems. They used intermediate and traditional technology for production and thereby lacked in marketing planning. It is suggested that entrepreneurs should understand that the marketing strategies for MSMEs are inclusive of strategies based upon all product attributes, pricing attributes, distribution factors, promotional attributes, and all other market and environmental factors. Any variable ignored would lead to market failure and other deteriorating outcomes. The value proposition of product, price, place, and distribution strategies ultimately leads to satisfied and loyal customers who enrich the small businesses.

Limitations of the Study and Scope for Further Research

The study is based upon the opinion of the respondents covered in four districts, namely Amritsar, Jalandhar, Ludhiana, and Sangroor. The accuracy of the results depends upon the accuracy of the responses provided by the participants. In addition, the study was limited to four districts of Punjab due to time and financial constraints. The scope of the present study may be extended to other districts of Punjab and even an interstate comparison may be

pursued in future research studies. In addition, there are certain areas which could be independently examined :

- Supply chain management in small scale industries,
- Management information system in small scale industries,
- Relationship marketing in small scale industries,
- Brand equity in small scale industries,
- Advertising and sales management in small scale industries,
- Consumer perception towards products produced by small scale industries,
- Product management in small scale industries,
- IPR in small scale industries, and
- Impact of cluster approach in small scale industries.

References

- Ali, G. (1999). Help makes small scale industries viable. *Yojana*, 31(12), 12-17.
- Bala Subramanya, M. H. (2007). Development strategies for Indian SMEs. *Management Research*, 30 (10), 762-774. DOI: 10.1108/01409170710823476
- Debroy, B. (2006). *Small sector in India: Status, growth and de-reservation*. Retrieved from <http://www.dcmsme.gov.in/reports/SmallSectorInIndia08.pdf>
- Dutz, M.A. (2007). *Unleashing India's innovation : Towards sustainable and inclusive growth* (pp. 83-93). Washington DC : World Bank Publication.
- Gautam, R. K., & Singh, R. (2012) Liberalization impact on Indian small industries: An empirical study of Punjab. *Business Intelligence Journal*, 5, 113-122.
- Government of Punjab and Confederation of Indian Industries (CII). (2012). *Destination Punjab : An industrial & engineering business exposition*. October 26-28, Government College for Women, Ludhiana.
- Gupta, A. K. (2009). *Innovations for reviving small-scale industries* (Working Paper No W.P. No. 2009-03-03). IIM Ahmedabad. Retrieved from <http://www.iimahd.ernet.in/publications/data/2009-03-03Gupta.pdf>
- Ministry of Micro, Small and Medium Enterprises. (2011). *MSME annual report 2010-2011*. New Delhi : Government of India.
- Murugan, P. R. (2002). *Industrial estates in Tirunelveli region : An empirical study of their impact on the growth of small industrial units* (Unpublished Ph.D Thesis). Madurai Kamaraj University, Madurai.
- Narayana, M. R. (2004). Determinants of competitiveness of small scale industries in India. *The Journal of Business in Developing Nations*, 8, 93-141.
- Pheng, L. S., & Ming, K. H. (1999). Formulating a strategic marketing mix for quality surveyors. *Marketing Intelligence and Planning*, 15 (6), 273-280. DOI: 10.1108/02634509710184857
- Siu, W. (2001). Small firm marketing in China: A comparative study. *Small Business Economics*, 16 (4), 279-292. DOI : 10.1023/A:1011179823847
- UNIDO Report. (2000). *Development of clusters and networks of SMEs*. Vienna: UNIDO.
- Wheelwright, S. C., & Clark, K.B. (1992). Creating project plans to focus product development. *Harvard Business Review*, 70 (2), 70 - 82.
- Yoon, S.-J., & Lee, S.-H. (2010). Market oriented culture and strategy: Are they synergistic? *Marketing Bulletin*, 16, 1-20.