

## **MARKETING STRATEGIES FOR SMALL SCALE INDUSTRIES**

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### **Abstract**

Small scale industries are those industries in which the process of manufacturing, production and servicing are done on a small scale. There is a definite capital investment in its plant and machinery. This paper revealed the different strategies adopted by different industries. The objective of the paper is to find the pricing strategy of small scale industries. To determine the distribution channel used and the promotion mix of small scale industries. What kind of problems faced by this industries. It was found that mostly units are underutilized that is they are not fully utilizing their production capacity due to rejection of sample, wastage in production process, shortage of raw material etc. The major problem faced by the small scale industries are labour absenteeism and electricity which block their production process and also decrease their rate of profit and growth rate. All the small scale industries want to change their strategies regarding price, product, place or promotion. Mostly units want to change their pricing strategies. All the units have some future expansion plans, some wants to increase the quality of the product or to increase the satisfaction level of their customers. The present study will try to explore, whether the marketing strategies adopted by the small scale industries are up to the mark or not. To achieve the objectives of the study various statistical techniques such as percentage , average etc. used for analysis and interpretation purpose. The data is collected with the help of primary and secondary method of data collection. Primary data collected with the help of questionnaire in SSI's of Gurugram city. Secondary data is also used to justify the study from various published sources like news papers, journals, books, internet etc.

Key words : strategies, underutilized, promotion mix, pricing strategies, primary data

### **Introduction :**

Marketing starts well before production commences and ends only after-sale satisfaction to the consumers. It is the skill of selecting and fulfilling consumers desires in such a way that dose of money put in brings back maximum returns. Marketing is everywhere, formally or informally, people and organizations engage in a vast number of activities that could be called marketing. Marketing is a specialized business function. It is a universal function. The rules of both art as well as science are applied to marketing in order to obtain the best results.

Marketing Mix is an important tool used by marketing managers to design the process of marketing in an organization. The four basic elements of marketing mix is given by McCarthy are product, price, promotion and the place. These four elements are called '4P' and are used for grasping different marketing activities usually referred to as marketing mix.

### **Elements of Marketing Mix ;**

- 1 Product
- 2 Price
- 3 Promotion
- 4 Place

### **Product Mix and Product Strategy**

It includes the quality, feature, brand name, working style, packaging etc. The product or service is the core element of the marketing mix. Product mix is the composite of products offered for sale by a firm. The ultimate decision of the product mix depends upon , product width, product depth and product consistency.

Every product mode through five stages of life cycle and each stage posing different challenges to the seller i.e. Introduction stage, Growth stage, Maturity stage, Decline stage. In this stage different types of strategy adopted by management like Rapid skimming strategy, Slow skimming strategy, Rapid penetration strategy and Slow penetration strategy.

1. Rapid skimming strategy – Marketer can opt this strategy for launching the new product in the market at a higher price and high promotional expenses.
2. Slow skimming strategy – New product launches with higher prices but with the low promotional expenditure. The higher price and low promotion expenses is expected to skim profits slowly and steadily.
3. Rapid penetration strategy – launching the new product at a low price and heavy promotional expenditure. By opting this strategy, the marketer is hopeful for the largest market share.
4. Slow penetration price – launching the new product at low price as well as low promotional expenses with the assumptions that the market is highly aware about the product, most of the buyers are price sensitive and some competition.

### **Pricing Mix and Pricing Strategies**

Price is an important element of marketing – mix which affects the both buyer and seller in the market. There is no marketing without pricing. With the help of price, the firm can estimate expected revenue and profits. Different pricing strategy is followed by different organizations for example skimming pricing strategy and penetration pricing strategy. The pricing strategies are also different in different small scale industries. These firms can choose from close two alternatives depends on the nature and resources of the small scale industries. Price is mainly a weapon to realize the goals of planned economy. Price acts as a powerful agent of sustained economic development as it affects the living standard of the society and

has a significance bearing on profit. Price is the most comparable attribute which can be measured easily and quantitatively.

In skimming pricing strategy, a very high price of the product has fixed so that in the initial stage, cream of demand may be skimmed. The price may be lower down later.

In penetrating pricing strategy a low price of the product is to be fixed in the initial stage to reach the market rapidly. It low price of the product in the initial stage may discourage other firms from entering the market.

### **Promotion Mix and Strategy**

The important promotional activities which are used by the firms are advertising, personal selling, sales promotion, publicity and public relations. The small scale industries mostly use for the publicity for Trade Fair or exhibition for increasing their sales. The two important promotional mix is personal selling and non-personal selling. Personal selling is the most effective and most costly promotional method. Non-personal study includes advertising, sales promotion, public relations and publicity. Sales promotion include displays, shows and exhibitions , coupons, contest etc. There are two promotional strategy used by firms are Push strategy and Pull strategy. In push strategy, marketer put pressure on middleman to create their demands to the customer. In pull strategy, the marketer promotes its product directly to consumers to stimulate strong consumer demand for the product.

### **Place Mix and Strategy**

These activities include the flow of goods and services from the producers to the consumers and at the right time and at the right place. Distribution includes two components that is physical distribution and channels of distribution. The channels of distribution are those routes through which the ownerships of goods, services and ideas flow on the way from producer to consumers, in order to satisfy target consumers.

The efficiency of marketing determines the sales and profits of the small-scale industries. Marketing is one of the major stumbling blocks for small-scale industries.

Many problems such as poor designing, lack of standardization, poor quality, lack of quality control, competition, brand preferences, delayed payments etc. are faced by small industries in marketing their products. Their important role in economic development small scale industries have to face many problems. For this Government should take necessary steps to help the small scale industries.

The purpose of the research is to discover the answer to the question through the application of scientific procedure. To determine the frequency with which something occurs or with which it associates with something else. The objective of the study is to study the pricing strategy of small scale industries, product identification and market segmentation, to determine the distribution channel used by the small scale industries, to study the promotion mix of small scale industries. This study is based on exploratory research . The strategy is to follow each idea and its relationship among variable.

## **SMALL SCALE INDUSTRIES**

Small scale industries play a key role in the industrialization of a developing country. This is because they provide large-scale employment and have a comparatively higher lower capital ratio, they use a shorter gestation period and relatively smaller markets to be economic they need lower investments and they increase the growth of industrial entrepreneurship and promote a more diffused pattern of ownership and location. The small scale industries has emerged as the most dynamic sector of India's industrial economy accounting for over 55 percent of the total value of industrial production.

The importance of small scale industries is a global phenomenon for both developing and developed countries. Globally the stress is on the small enterprises holding the key to growth with equity and proficiency. Small scale industrial units are those engaged in the manufacture, processing or preservation of goods and investment in plant and machinery (original cost) does not exceed rupees 1 crore.

These units don't require a high level of technology. They don't require a large amount of capital because they are labour intensive. These industries can increase production both in short and long run.

## **MARKETING MECHANISM IN SMALL SCALE INDUSTRIES**

Marketing occupies an important place in the management of a small-scale industry. It is a key factor in determining the success of an industrial concern. Marketing mechanism in this industries involves all the activities undertaken in the transforming of goods and titles thereto from producer to consumers. The problems face in marketing their products are as –

- Lack of standardization
- Poor designing
- Poor quality
- Lack of precision
- Lack of quality control
- Scale of production
- Brand preferences
- Competition
- Delayed payments
- Financial weakness, limited resources
- Absence of marketing strategy
- Weak bargaining position

And small -scale industries should have to help themselves by changing their existing marketing strategies and policies.

## **FINDINGS**

In this study an effort is made to understand the strategies adopted by the Small Scale Industries are upto the mark or not. For conducting the study, a sample consisting of 50 small scale industries was taken from Gurugram city. Data was collected through questionnaire and were analyzed, keeping in view the objectives of study. It was found that mostly units are underutilized that is they are not fully utilizing their production capacity because of the reasons like sometimes the order depends on the requirement of the customer, rejection of sample, wastage in production process, shortage of raw material etc. The major problem faced by the small scale industries are labour absenteeism. And it also effect their profit and growth rate. The units use different methods to fix the price of their product for example Markup price, cost plus price and odd lot price etc. There are many incentives available which the small scale industries provide to their customers. The main incentives are discount, after sale services and home delivery. Some units provide the combination of all the three types of incentives to their customers.

The small scale industries sell their products mostly in their states or other. Very few units export their products. Different types of distribution channels are used by the units, mostly units sell their products through wholesalers. Many types of sales promotion are used by the small scale industries for example advertisement, trade fair, exhibitions etc. but the advertisement is expensive method of sales promotion and exhibitions.

All the small scale industries want to change their strategies regarding price, product, place or promotion. Mostly units want to change their pricing strategies. All the units have some future expansion plans some want to increase the production, other wants to increase the quality of the product or to increase the satisfaction level of their customers.

The small scale industries manufactured both type of product that is consumer and the industrial product and mostly don't want to change their product. Because mostly units are in there growth stage of product life cycle. The capital invested by small scale industries are from rupees 20 lacs to rupees 1 crore. The majority of units acquire raw material from their state only. Almost 90% units acquire raw material from within state and only 10% units acquire raw material from outside the state.

All efforts have been made comprehensive survey of the marketing strategies of small scale industries. All efforts have been made so that study present a true picture of the small scale industries regarding their marketing strategies, in spite of all care and efforts taken few limitations which have to be kept in mind while going through the report are:

1. Time constraint – due to time constraint, the area studied in the present study is Gurgaon city, which may not be true representative of the universe.
2. Possibility of biasness in the questionnaire used – though proper care has been taken to eliminate the biasness of question yet there may be biasness in framing the questionnaire.
3. Subjectiveness on the part of respondents- though all the attempts have been made this study an objective one yet biasness on the part of respondents might have resulted in subjectiveness.
4. Cost factor is also a constraint.

5. The present study is limited to only marketing strategies but in real there are many other strategies which affect the small scale industries.

## **SUGGESTIONS**

It was found that small scale industries play an important role in economy. So while formulating the strategies the marketing manager must keep in view the marketing strategies of small scale industries. Though this study is limited only on the sample of 50 small scale industries from Gurugram city. And as such no generalization can be made on the basis of this study. Some suggestions may improve the marketing strategies of this units –

1. First of all when the marketing manager decide the strategies for the small scale industries the marketing strategies should be kept in mind which is very important and effect all other strategies.
2. The marketing strategies play a key role in economic development, so government should provide more and more subsidies and decrease the amount of taxes.
3. The government should take steps to solve the major problem faced by the small scale industries that is electricity etc.
4. The small scale industries themselves must take steps to remove the problem of labour absenteeism and labour turnover.
5. Government should try to provide the ready market within India and outside India for small scale industries to sell their products.
6. The interest rate should cut down , so that they easily get finance from the banks or financial institutions.
7. Majority of small scale industries are of handicraft items, so time to time trade fairs and exhibitions must be arranged to promote to promote the sales of handicraft items.

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