



A Study on Micro, Small and Medium Enterprises, Using Sms Marketing as a Tool

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ABSTRACT

Worldwide, the micro small and medium enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development. While on one hand, many opportunities are opened up for this sector, but on the other hand, put an obligation to upgrade their competencies to meet the competition as new products are launched at an astonishing pace and are available worldwide in short time. Marketing is one of the weakest areas wherein MSMEs face major problems. The innovative marketing has a great role to play in marketing of MSMEs products and SMS Marketing in particular. The paper tries to identify the various innovative marketing tools used by MSMEs.

Keywords : Innovation, Micro, Small and Medium Enterprises (MSMEs), Marketing, Short Messaging Services (SMS)

Introduction

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and contribute enormously to the socio-economic development of the country.

As per available statistics (4th Census of MSME Sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country.

Fast changing global economic scenario has thrown up various opportunities and challenges to the MSMEs in India. While on the one hand, many opportunities are opened up for this sector to enhance productivity and look for new markets at national and international level, it has also, on the other hand, put an obligation to upgrade their competencies to meet the competition as new products are launched at an astonishing pace and are available worldwide in short time. Micro, Small & Medium Enterprises do not have any strategic tools / means for their business/ market development as available with large industries. In the present competitive age, Marketing is one of the weakest areas wherein MSMEs face major problems.

Objectives

1. To know the various innovative marketing practices applicable to MSME's
2. To analyse SMS as a marketing tool
3. To evaluate the benefits of SMS Marketing for MSME's

Methodology

As the study is exploratory and empirical in nature, secondary data have been employed. The basic data are derived from the records of Ministry of Micro, Small and Medium Enterprises, articles in journals, books and websites. To make the

study more meaningful and appropriate percentage growth rate analysis is attempted in this study.

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 MSMEs for their industrial product marketing are given below:

1. Internet

Internet is the most cost effective tool, with a wide reach. Last two decades has shown the Indian business houses that, what an impact an internet can make it to their business.

2. Customer Relationship Management

The importance of CRM is known fact to each and every enterprise. 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. The managers attains regular personality development programmes; but the sales executive or not given the same opportunity. The MSMEs 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 MSMEs without making factory visit.

4. Telemarketing

Telemarketing has long been used as a marketing tool by various organizations. Though telemarketing and toll free customer care services may not be attractive and cost effective to MSMEs. 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

Marketing centered on obtaining customer consent to receive

information from a company. 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 three or four times to catch their attention.

7. Reestablish Listening Posts

Smart marketing relies entirely on understanding your customer. MSMEs 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. Cluster Approach

Cluster Approach helps the MSMEs to counter 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 MSMEs and it gives the cluster members the bargaining power.

9. Short Messaging Services (SMS) Marketing

When it comes to marketing, there is one thing all small and medium businesses have in common – a need to find a better way to attract and retain customers. The global economic crisis increased social networking and the proliferation of mobile communications has shifted values and beliefs. Customers are more astute, less trusting, have greater levels of skepticism and are less likely to respond to traditional marketing media.

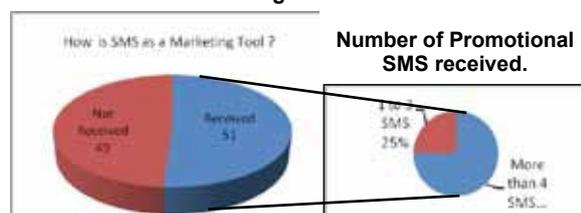
Out with the old marketing media, in with the new

In the words of Craig Davis, Worldwide CEO of J Walter Thompson “Audiences everywhere are tough, they don’t have time to be bored or brow beaten by orthodox, old-fashioned advertising”. In fact today worldwide, 86% of people skip television ads, there is a 46% decline in tech trade show spending and 44% of direct mail is never opened. With stats like these, it’s easy to see why small and medium businesses are turning to new marketing media to reach their customer base.

SMS Value Added Service(VAS) in India – Highlights

- SMS VAS is the highest revenue earning Value Added Service with almost 5% revenue earned by service providers
- 1 in 5 urban Indians have used a SMS based VAS service either as a one-off or on subscription basis.
- SMS is an effective marketing tool, showing conversion rates a lot higher than other conventional mediums i.e. TV/ Radio etc. 1 in 3 Urban Indian has acted in some manner over the SMS i.e. forwarding to others or enquiring about it.
- SMS, an advertising medium, has an interaction rate of around 5%
- 25% Indians have participated in some sort of SMS contest

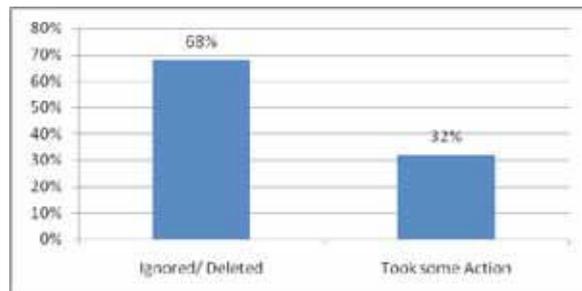
How is SMS as a Marketing Tool?



Source : SMS in India how, what & why ; Report by Arun Prabhudesai,2009

SMS is increasingly being viewed by India Inc. as a source of getting in touch with their customers. This is evident from the fact that every second urban Indian acknowledged receiving marketing/promotional SMS on their phone in quarter ending May 2009. The intensity of using SMS for marketing/promotions is quite high with almost 75% receiving a minimum of 4 such SMS.

How effective is SMS as a Marketing Tool? SMS Action Taken



Source : SMS in India how, what & why ; Report by Arun Prabhudesai,2009

1 in 3 (approx. 32%) of Urban Indians who receive a marketing/promotional SMS took some action, while 2 out of 3 deleted or ignore the message completely. **Calling up to enquire** (if number available) followed by **forwarding message to others** are the two most commonly cited actions taken on receipt of marketing/promotional SMS. 11% also indicated they made a purchase on the basis of information received via SMS which is a promising sign.

Role of SMS Marketing in MSMEs

Marketing, a strategic tool for business development, is critical for the growth and survival of micro, small & medium enterprises. Marketing is the most important factor for the success of any enterprise. Large enterprises have enough resources at their command to hire manpower to take care of marketing of their products and services. MSME sector does not have these resources at their command and thus needs institutional support for providing these inputs in the area of marketing.

In addition to affordability, another very attractive marketing aspect of SMS messages is that they can be sent and received within 5 seconds, no matter where in the world the customer is based. Messages can also be tailored to be relevant to the customer’s location, situation and need, because the message is informed by the customer record. SMS messages are easy-to-read, being less than 160 characters, easy to consume and respond to. Consumers are comfortable using SMS messaging campaigns that are well executed and take into account these inherent benefits – what’s been called Personalised Priority Messaging (PPM).

There is virtually no limit to the type of messages that can be sent or received, allowing MSMEs to communicate with their customers about almost anything. Because of its versatility, SMS messages can be used to promote, remind, attract, up sell, cross sell, engage, reactivate, gather, understand or grow – depending on what the business wants from their mobile marketing campaign.

SMS takes the lead in With statistics like these it’s easy to see why the future for SMS marketing remains bright – for small and medium business, for new mobile marketers, for multi-channel approaches, and simply, for anyone wanting to engage their customers with short, sharp, timely, relevant and cost effective messages to the widest group of consumers possible using a mobile device.

Conclusion

SMS Marketing can help the MSMEs to enhance their marketing capabilities and compete with their larger counterparts. As compared to the other innovative marketing tools the SMS Marketing is more cost effective and enhanced reach. With the recent TRAI guidelines the MSMEs tend to benefit from the SMS Marketing. This innovative tool needs strategic planning and implementation because the rate of ignoring the SMSs is more. But the tool is promising as the mobile subscribers base is growing high.

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