

Small Scale Industries In UP: Marketing Strategies

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Abstract – Marketing is very essential though strenuous, in developing countries like India. The importance of Small Scale Industries (SSIs) is such that their development is concomitant with the balanced growth of Indian economy. Small, Medium or Large scale industries prospects depend upon how well they market their products in the dynamic competitive markets. So with the importance of marketing management in small scale industries increasing and sell the products effectively in the markets. In other words, effective marketing of small scale industrial products would ensure higher levels of income, consumption, and employment which increase the standard of living of the people. Marketing is demanding greater attention not only from industrialists especially of the small scale sector but also from our planners and economists. This empirical study covers the socio-economic conditions, marketing strategies of SSIs and identifies the marketing problems of SSIs. The aim of this is to generate the awareness to the SSIs regarding the blind spots in marketing of their products.

Keywords – Marketing Management, Marketing Problems, Marketing Strategies, Small Scale Industries.

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1. INTRODUCTION

Excessive dependence on agriculture lead to the low incomes of the people, less developed industrial sector and larger markets are not readily available to them within the country. Relatively there is a need for promotional activities. Since the demand for many products exceeds their supply, the need to improve the existing marketing methods and a practice is not felt. The developing nations are in the process of industrialization. Marketing is a dynamic process as it is highly situational. It is concerned with the activities involved in the flow of goods and services from producer to consumer. As the dimension of marketing activities has undergone a radical change with the change in environmental conditions of business, the concept of marketing too has undergone a metamorphosis. Efficiency and productivity of marketing are directly linked with the growth and development of the economy as a whole. Marketing, when effectively performed, contributes to the higher living standards, greater national prosperity and broader industrial expansion. Marketing is an essential input for the success of small scale Industries which produce wide range products. Companies have to move from traditional marketing to modern marketing.

The problem of marketing did not to a large extent arise in 1950s. Anything that could be produced was sold irrespective of quality or price. But now the

position has changed. There is keen internal competition. Consumers have become entrepreneur export his products. Marketing has moved from the periphery to the center of the problem. It has been identified several specific marketing problems affecting the small scale sector. Among these are poor product quality, the lack of standardization, poor finish, poor after-sales service, and excessive competition among small units, poor bargaining power whole sellers and retailers more powerful distribution network of the large scale units, the lack of marketing knowledge. The marketing problem is so acute that some units have become sick as a result of the failure of their marketing operations.

Some of the factors which contribute to the marketing problems of the small scale industry in recent days have been identified.

- i. Increasing competition from within the small scale sector as well as from large industries with established brand names and marketing setup;
- ii. Consumer awareness, even in rural and semi urban areas, for quality goods.
- iii. The need to set up distribution networks for reaching out widely dispersed markets and

- iv. Inability of the SSI units to exploit the export markets.

Thus, marketing is demanding greater attention not only from industrialists especially of the small scale sector but also from our planners and economists. The strength of the small scale industry sector lies in its improved ability to compete with quality products in the world market which in turn depends on the health of the industry in India. The imperfections of the market and the advantages that large firms enjoy due to their wider marketing network and relatively greater brand loyalty put the small scale industries under a severe loss. To overcome this loss and assist the small scale industry sector in marketing its products most effectively in India and abroad the central government has introduced a variety of promotional measures grouped under the "Marketing Support Scheme".

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2. REVIEW OF LITERATURE

The empirical analysis has to be built on a comprehensive review of relevant in the area of the study. A review of the available literature on small scale industries is undertaken with a view to identify possible areas of enquiry. It also provides the necessary background for the present study.

Teijiro Uyeda, and his associates, as part of a review of international programme studied japons small industries. Small industries played an important role in japons industrialization. Their onslaught on the international market had created serious problems for the market economies. The study investigated the status and the representative character of the small scale industry in Japanese economy.

Malgawakar, 1973, is one of the early enquiries is not the development of small industry in Andhra Pradesh. Another point out that it depends on the size of market which inturn depends partly as the efficiency of the size of market and distribution of machinery. It also observes that there is a time lag between sales and the realization of the sale proceeds and this affects production of the enterprise.

Ramakrishna Sarma, in his book on industrial development in Andhra Pradesh 1982 made a comprehensive study of growth and problem of the small sector in Andhra Pradesh and observed that the backward districts of the state improved their relative position in terms of units, employment and capital during 1966-75. He further observed that a majority of the small units faced problems of finding adequate raw materials and finance.

Vasant Desai, detailed book length study 1983 pointed out that problems affecting he small scale industries ranged from organization to management. He concluded that the rapid development of small scale

industries solely depended upon their readiness to accept modern technology and adaptation of professional management.

Valasama Antyony, 2002 in her article titled "Prospects and growth of SSIs in India: An overview ". Observes that adequate and timely availability of working capital and marketing avenues for the SSI products should be ensured for improving their competitive strength in the domestic and global markets. There is the need for providing better information and efficiency networking for the SSIs besides development of quality infrastructural facilities.

Panda, 2003 in his case study of hotel industries in Nagaland examines marketing management in small service enterprises. He finds that sales activity in a majority of cases is managed by hired managers. The delegation of sales function is found to have a positive association with the level of formal education of entrepreneurs. The entrepreneurs appear to sell, rather than market their service. In the perception of the majority of the entrepreneurs, sales promotion activity is an unnecessary activity that invites the attention of extortionists. According to panda, 70 per cent.

The present study lies in its incorporation of the need for the right type of marketing research into the industries development programme.

3. RESEARCH OBJECTIVES

The following are the main objectives of the present research work.

- To study socio-economic conditions of the SSIs.
- To analyze the marketing strategies of SSIs.
- To identify the marketing problems of SSIs.

4. RESEARCH METHODOLOGY

Sources of Data

Data will be collected from both primary and secondary sources

Primary Sources

The study is empirical in nature and it is based on the data personally was collected with the help of a questionnaire. All attempts were made to extract the correct information through informal discussion with the entrepreneurs. The interviews were conducted with the General Manager of District Industries centre and Industrial Promotion Officers.

Secondary Sources

The secondary data was conducted through the annual reports of Small Industries Development Organisation (SIDO), National Institute of Small Industry Extension Training (NISET) Hyderabad. The information available from District Industries Centre, Chandauli District is used. The information was collected through various books, journals, research reports, magazines, manuals and newsletter reports on small scale industry and entrepreneurship.

Sample Size

A sample of 50 small industrial units selected among 1900 registered Industrial Units to give a special focus to the entrepreneurs performance. In the selected of the sample units a two stage stratified simple random sampling technique will be adopted. In first step the industries are grouped under 9 segments on the basis of nature of the product namely, Agro based, Textiles, Chemicals, rubber and plastics, food and food processing, metallic, paper and wood building material industrial units.

In the second step 50 per cent of the units were selected from the universe with three years existence for intensive study. The sample units selected from all the strata taken together and equally allocated for each strata.

While selecting the sample units, the following condition viz., above Rs.1 Lakh but not exceeding Rs. 1 Crore in plant & machinery are considered. The below table gives the details relating to the selected sample:

Name of the Unit	No. of Units Registered	No. of units for sample
Chemical	150	6
Building Materials	150	6
Rubber & Plastic	100	5
Food & Food processing	453	6
Engineering	252	6
Metallic	115	5
Agro based	522	6
Textile based	102	6
Paper & Wood	56	4
Total	1900	50

Source: Assistant Director (Industries), DIC Chandauli District

Selection of Sample

The proportionate stratified random sampling technique has been followed for selection of sample Rural Entrepreneurs. Personal visits to sample SSIs is undertaken in order to have knowledge of their

workings and collect necessary data as per data sheet from their office records, schedules were used at the time of personal interviews and discussions with the sample members and relevant information were records.

Statistical Techniques

The data is analyzed with help of Statistical techniques like percentages, averages rates of growth have been applied for analysis and interpretation of primary and secondary data.

5. TOOLS OF ANALYSIS

The Primary data collected from the sample small scale units has been tabulated using the various and well-known tools and techniques like growth rates, percentages and Mean.

6. ANALYSIS AND FINDINGS

Socio Economic Origins

S. No.	Particulars	Percentage
1	Sole Proprietorship units	50
2	Rural Sector units	40
3	> 5 years age units	34
4	Availability of Raw Materials	32
5	With Capital investment (25 – 40 Lacs)	32
6	Employed Skilled labor	74

(Source: Primary Data)

It is concluded that nearly 50 per cent the enterprises are sole – proprietorship concerns, 40 percent of the sample units are located in the rural sector, 34 percent belongs to 6 to 9 years of age group, 32 percent of units were established due to the availability of raw materials, 32 per cent of fixed capital investments of the sample units ranges between Rs. 25 Lakhs and 40 Lakhs, and the working capital of 50 percent of the sample units is below Rs. 20 Lakhs. Almost three fourths of the sample units, 74 percent have skilled employees and employ less than 20 persons in their business concerns. A little more than two-thirds 68 percent employment 38 percent of the sample units have employed unskilled employees between 20 and 40 persons. A little more than half 54 per cent of the sample units utilize 75 percent of their installed capacity. The turnover of very nearly half 48 percent of the sample units was above Rs. 85 Lakhs. Majority of them have not diversified their business activity.

Marketing Strategies Employed

S. No.	Strategy employed	Percentage
1	Marketing personnel	50
2	Small Marketing Department	50
3	Personal Selling	60
4	Annual Marketing Plan	42
5	National Market Sales	54

(Source: Primary Data)

The analysis found that above 50 percent of the sample units do not have any marketing personnel, and the marketing activity is being looked after personally by the entrepreneur himself. Whereas less than 50 percent of the sample units have a small units have a small marketing department, 60 percent of them have personal selling method, 28 percent of the sample units have second and third importance to their marketing function, 42 percent of the sample units develop annual marketing planning, and 10 percent develop more than one year plans to sell their products, 54 per cent of the sample units have adequate marketing Opportunities for their products and 80 per cent of them have not make any efforts to appraise the cost effectiveness of their marketing.

62 per cent of the sample small scale units are facing heavy competition and an equal percentage of the sample units sell their products to industrial consumers, where as 56 percent of the small units sell their products in the national market.

Almost three fourths 74 percent of the sample units do not undertake any market survey. An equal percentage of the sample units have reached the objective of customer satisfaction.

Marketing Problems Faced

S. No.	Marketing Problems	Percentage
1	Low Quality	71.05
2	Price Fixation	60.53
3	improper Positioning	42.11
4	Improper Segmentation	50
5	High Cost of Marketing Personnel	55.26
6	Sales promotion	60.53
7	Distribution Channels	73.68
8	Non Availability of Packing Material	65.79
9	Competitors	89.47

(Source: Primary Data)

71.05 percent of the sample units have faced heavy problems regarding the quality of their products. 60.53 per cent of the units have faced moderately the problems of fixing the price for their product 42.11 per cent of the sample units have faced heavily the problems regarding the untimely introduction of their products into the markets. 50 per cent of the sample units have faced moderately the problems of improper

segmentation. 55.26 per cent of sample units have faced heavily the problems of high cost of marketing personnel. 73.68 per cent of the sample units have heavily experienced the problems of distribution of their products. 60.53 per cent of the sample units have faced heavily problems in sales promotion. 89.47 per cent of the sample units have faced heavily problems with their competitors. 65.79 per cent of the sample units in the district have experienced moderately the problems grouped as other.

A very high percentage (89.47) of the sample units faced heavily the problems created by their competitors. Other problems like lack of awareness of product design, packaging, branding, Indian Standard Institution (ISI) mark, and non-availability of packaging materials etc., were faced moderately by 65.79 percent of the small units.

7. LIMITATION OF THE STUDY

The study is restricted to Chandauli District of Uttar Pradesh. It is also restricted to the units which are registered with DIC, Chandauli only. It is also confined to the industries which are having existence of three years and more than three years. Out of 1900 units registered with DIC only 50 are considered for the study. (Investment in plant machinery above Rs. 1 Lakh and Rs. 1Crore)

8. CONCLUSIONS

76 per cent of the sample small scale units are facing marketing problems. Analysis and interpretation comprises of all the problems regarding Marketing Mix (4Ps). Market forces are governed generally by the criteria of efficiency, productivity and competitiveness and this is much more in the present era of liberalization and globalization. Performing the marketing functions satisfactorily and successfully in the global context is the major hurdle for SSI and their development.

9. FUTURE WORK

The present study is aimed at socio economic conditions, marketing problems of SSIs. There is a scope for further study in different areas of marketing management in this sector. Some of them are.

1. Study can be undertaken to find out factor responsible for discontentment among some members towards promotional activities.
2. Marketing management in SSIs.
3. Reasons for success or failure of SSIs.

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