

The Implementation Of Marketing Practices Based On Marketing Philosophies In Small And Medium-Sized Enterprises

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ABSTRACT

Purpose: Small and medium-sized businesses (SMEs) are often regarded as a major source of employment and GDP development. In the fiscal year 2019, micro, small, and medium firms in India accounted for roughly 30% of India's GDP (Reports and Publications | Ministry of Micro, Small & Medium Enterprises). Marketing is no longer something that small and medium-sized businesses can afford to ignore. By implementing marketing principles and practices, small and medium-sized enterprises (SMEs) may obtain a long-term competitive edge. Hence the study aims to understand the adoption of marketing philosophies and hence marketing practices in SMEs.

Design/methodology/approach: This study was conducted using an interpretivist approach. The case study research method was used to explore the nature of marketing practices adopted in SMEs. Ten SMEs are selected for a study out of which five SMEs are from engineering sector, three SMEs are from water processing industries and two SMEs are from chemical industries.

Findings: The study's findings demonstrate the interrelationships between the various aspects of creative marketing and how they play a role in small and medium-sized industries marketing. The marketing activities are studied with respect to marketing philosophies. This study explores the use of marketing practices and its connection with theoretical framework of marketing philosophies.

Originality/value: This research is sincere attempt to understand implementation of marketing practices as widely adopted by large scale industries. This study highlights upon linkage of marketing philosophy with usage of marketing practices in SMEs.

Contribution to Industry and society: Marketing philosophies and the success of small and medium-sized businesses will be examined in this study. In addition, it will aid in discovering the relationship between marketing philosophies and marketing practices.

The contribution of small-scale industries has been remarkable in industrial development of India. Inclusive growth can be achieved by creating jobs, innovating, and distributing economic activity evenly across the country's different sectors and regions. These factors all work together to improve the quality of life for everyone in the country.

Keywords: Marketing Practices, STP, Marketing Mix, Marketing Philosophy, Strategic Marketing Activities.

INTRODUCTION

In terms of employment and gross domestic product, small and medium-sized businesses (SMEs) are regarded as a significant economic growth engine. Currently, 36 million INR SMEs employ 80 million people, generating 8 percent of the GDP, 45 percent of the overall industrial output, and 40 percent of the

country's exports. Overall, India is producing over 8,000 value-added items per year (Role of SMEs in Economic Development of India (Contribution), 2017). Marketing practices are widely used by large-scale organizations and theoretical practices also used by almost all large-scale organizations. Lack of marketing experience, inadequate cash flow and small firm size are some of the factors that limit the

marketing function in SMEs (Carson 1985; Chaston 1998; Doole). Nonetheless, despite such constraints, SMEs effectively employ marketing to produce revenue (Guersen, 1997; Romano & Ratnatunga, 1995).

Marketing is becoming increasingly important for the success of small and medium-sized businesses, according to several authors (Brooksbank et al. 2003; Keh et al. 2007; Romano and Ratnatunga 1995), who pointed out that SMEs can gain a long-term competitive advantage by adopting marketing concepts and practices.

The study sought to ascertain SME decision-makers' attitudes on application of marketing philosophies to investigate the nature of creative marketing strategies in SMEs. The purpose of this study is to provide a theoretical framework that will allow for future investigation of the relevance of basic parts of creative marketing in SMEs.

Marketing Philosophies / Basic Marketing Concepts: Theoretical Framework

Marketing idea' is a term used to describe an organization's marketing philosophy in the ever-changing domain of marketing. A concept may be thought of as a way of thinking. There are many kinds of concepts, and each one has a unique meaning. A management philosophy that guides all an organization's actions, not just its marketing ones, was the original definition of marketing as "a way of thinking; a management philosophy" (Dibb S, Simkin L, Pride WM, Ferrell OC. *Marketing: Concepts and Strategies*). Academic marketing has two basic schools of thought, which consider marketing as either a philosophy or as an operational activity. Instead of focusing just on the function of marketing, the marketing concept views it as a way of thinking about it. The concept has been present since the 1850s, when it was devised to communicate modern business thinking. One might select between the Product Philosophy, the Selling Philosophy; the Marketing Philosophy; and the Societal marketing Philosophy and the Production Philosophy, which emphasizes the development and distribution of goods and services.

Marketing Practices in SMEs

Marketing in SMEs are very restricted as compared to large scale organizations.

Considering their constrained financial resources, small businesses must operate within certain boundaries when it comes to marketing. As a consequence, marketing is imprecise, reactive, and typically based on a quick response to the activities of competitors (Carson and Cromie, 1989).

SMEs are challenged by the changing nature of the marketplace and the necessity for efficient and successful innovation; creative marketing is a crucial factor in this process. Research must be done on the marketing strategies used in small and medium-sized businesses.

The collection, analysis, evaluation, and distribution of timely and reliable information to market decision-makers are the core functions of marketing intelligence (Kotler 1997). A favorable correlation was found between SMEs' collection and usage of marketing mix-related information and their performance, according to Keh and colleagues (2007). The majority of small and medium-sized firms (SMEs), according to the findings of a number of studies, do not conduct formal market research. On the other hand, systematic approaches, such as consumer surveys (Reynolds and Lancaster 2006; West and Noel 2009).

Strategic Marketing Activities: consumer segmentation and positioning are two key strategic marketing actions (Armstrong et al.2009). The selection of global markets, factors influencing marketing strategies, and the link between strategic marketing activities and the profitability of SMEs are all included in strategic marketing activities.

Operational Marketing (4 P's: Product, Price, Place and Promotion): Operational Strategies and techniques that are to make use of the marketing mix in order to gain a dominant position in the target markets. To better understand how SMEs use typical marketing-mix tactics including product and brand management, distribution channels and sales management, this section examines a few key contributions.

This approach seems to indicate an effort to investigate the marketing-SME relationship via the perspective of conventional marketing conceptualization. It is acknowledgement of a marketing term that might be understood differently by large and small and medium-

sized businesses. In addition, it aids in determining if SMEs are using certain marketing tactics while handling incredibly challenging marketplaces.

OBJECTIVES

1. To know the perception of Marketing philosophies by decision makers in SMEs
2. To understand the role of marketing philosophies while selecting marketing practices in SMEs
3. To ensure effective implementation of marketing practices in selected SMEs.

RESEARCH METHODOLOGY

This study was conducted using an interpretivist approach. Interpretivism is a kind of research philosophy. The purpose of interpretivist research is to comprehend a process or occurrence.

The **Case study** research method was used to explore the nature of marketing practices adopted in SMEs. Qualitative analysis was

done to infer the results. SME marketing experiences benefit from being discussed in case study style, according to Harker and Harden (2000), since this offers a better insight of the research topic in its natural context. A case study-based approach to qualitative research was used, which focused on a variety of qualitative research methodologies such as direct observation, interviews, and archival data, while also allowing for long-term studies to be conducted in a natural environment (Yin, 1994).

Ten SMEs are selected for a study out of which five SMEs are from engineering sector, three SMEs are from water processing industries and two SMEs are from chemical/pharmacy industries situated in Pune district. In-depth interviews were conducted with open ended questions to get information from SMEs and for better understanding of respondent's reply and not to focus on researcher's perception.

The brief profiles of the SMEs selected for the study are given in table 1.

Table 1: Case Medium & Small-Scale Enterprises Profile.

Case	Established Year	Sector	Division of Departments	Size
SME 1	2008	Manufacturing or engineering	Separate Organizational units based on functions	Small
SME 2	2010	Manufacturing or engineering	Divisions are not made	Small
SME 3	2012	Water Processing Industries	Divisions are not made	Small
SME 4	1987	Chemical/ Pharmacy	Separate Organizational units based on function	Medium
SME 5	2005	Manufacturing or engineering	Divisions are not made	Micro
SME 6	2009	Chemical/ Pharmacy	Divisions are not made	Micro
SME 7	1998	Manufacturing or engineering	Separate Organizational units based on functions	Medium
SME 8	2002	Water Processing Industries	Divisions are not made	Small
SME 9	2001	Water Processing Industries	Divisions are not made	Small
SME 10	1986	Manufacturing or engineering	Separate Organizational units based on functions	Medium

Figure 1 represents the research model for the study. Marketing philosophies or concepts are mostly used by large-scale industries, and we are trying to understand the adoption of these philosophies by decision makers in SMEs, while framing marketing practices.

Research model is indicating association between Marketing Philosophies with Marketing Practices in SMEs. There are five basic concepts or philosophies mentioned by Kotler are production, product, selling, marketing, and societal marketing. Marketing practices: Marketing Mix and STP strategies are considered for the study.

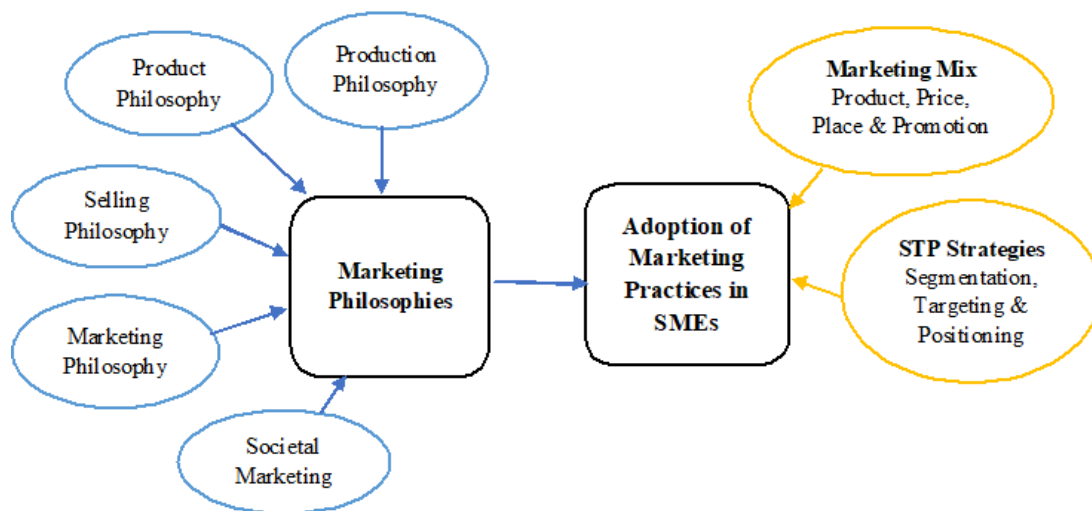


Figure 1: Conceptual model for adoption of marketing philosophies and marketing practices in SMEs.

FINDINGS

Examining the empirical results within the context of the studied literature and elements of marketing philosophy such as Production, Product, Selling, Marketing and Societal marketing it has been found that most of the SMEs are focusing on mass production of quality products. Strategic marketing practices like segmentation, and operational marketing practices like product, price, place, and promotion are used by these companies but adoption of marketing philosophies to design marketing practices are very limited to product and market-based situations.

Production Philosophy: Philip Kotler has mentioned in the book “Principles of Marketing” about all philosophies. Production philosophy is very old concept. The thought of production concept is consumers will choose products that are widely accessible and reasonably priced. Management is concerned with increasing production (mass production) and distribution. In this study it has been observed that manufacturing and engineering SMEs, few of them are supplying goods to large-scale industries and entire production capacity they are utilizing to supply semi-finished goods to same company. Here they are very much focused on only one or few similar consumers and hence focus is on mass production. Water processing unit also mentioned the focus is on mass production and distribution. Promotional efforts only required to get initial orders.

[...] “Maximum of the business is getting through mouth publicity once we do well. Focus is on providing better quality goods and services for first few orders”

Product Philosophy: Customers are more willing to make purchases that have the best quality, functional performance, and innovative features. Continuous product development is the focus of marketing strategy. SMEs has limited market focus and hence it has been observed that unique selling point for the SMEs are High quality products. Almost all SMEs are engaged to innovate and upgrade product design. SME 1,2,4,5,10 have mentioned about product concept is most important to satisfy the customer and hence to gain good image in the market. SME 1 illustrated product philosophy as

[...] "Developing quality products is the core emphasis of the firm. We understand client requirements and manufacture excellent products that provide us with considerable benefits."

Selling Philosophy: According to Philip Kotler, the selling concept asserts that "consumers will not purchase enough of the company's goods unless a significant selling and promotional effort is undertaken." This study shows that water processing SMEs are following selling concept aggressively. There are several steps before selling may be successful, including assessing customers' requirements and doing market research and product development. A product's price, distribution, and promotion all depend on the marketer's ability to accurately identify and meet the demands of potential customers. SMEs 3, 8 and 9 has used significant selling

strategies with team of salespeople to sell products. SME 3 has mentioned that,

[...] “Salespeople are motivated by a desire to assist their clients in making informed purchasing decisions and are committed to providing excellent customer service. we rely heavily on repeat sales and recommendations to generate new customers.”

Marketing Philosophy: As stated by Philip Kotler in the marketing idea, achieving organisational objectives are dependents on recognising the needs and wants of target consumers and providing required satisfactions better than competitors do. Organizational goals may be achieved by integrating marketing efforts toward finding and meeting target market needs and wants, more efficiently and effectively than competitors. According to Joseph C. Seibert, marketing management does not aim to create consumers so much as it is responsible for developing or growing markets. The focus is on creating markets rather than producing goods.

[...] “For the promotion of our goods and services, we've established certain objectives. Long-term client relations are essential to our business model.”

Marketing philosophy has four pillars customer orientation and market focus, profitability, and integrated marketing activities. SME 4, a chemical industry has stated utilising marketing philosophy with marketing planning.

[...] “Competition in this segment forced us to adopt different marketing strategies. Its important to tap right customer hence identifying customer segment is the key.”

Societal Marketing Philosophy: According to the societal marketing philosophy, a company's marketing strategy should aim to benefit both its consumers and society as a whole. The study shows the SMEs are following regional level community help and behaving ethical towards customers and to illustrate the same SME 10 responded as,

[...] “When pricing our goods and services, we do it in a responsible and ethical manner. Customers can easily understand the features and benefits of our products because we express them in a straightforward, truthful, and honest manner.”

Marketing Practices: Marketing practices are studied based on Marketing Mix strategies and STP Strategies. The research states that SMEs are conducting different market research activities to understand requirements of the customers through informal network. Retaining existing customer and gaining new customer from referral is the top priority for most of the SMEs. Customer value as a possible long-term profit aim. Understanding competitors pricing strategy helps them to expand the business in the market. Most of the SMEs are not having separate division acting for marketing but they are also started implementing marketing planning activities. They are using personal contacts and network to expand their business. Promotional activities are very limited to word of mouth, personal selling, participating trade exhibitions sometimes. SMEs (segment-manufacturing and engineering) are having direct distribution of products and services to their customers. Chemical manufacturing and water processing industries are following one - level or two-level distribution channel.

DISCUSSION

Practices which are conducted in selected SMEs has been mentioned and compared with theoretical marketing strategies in Table no.2. Major marketing strategies based on five philosophies considered for the research. According to research, SME owner-managers have a clear vision of where they want their firm to go in the future (Carson & Gilmore, 2000a). In this research it has been found that SME owners have clear vision for business and all activities are well planned by the decision makers. Few SMEs have defined their values and culture in the organization.

Product philosophy is followed by six SMEs as they are focusing on developing quality products and doing changes in the product as per the requirement of the clients. As they believe if clients are happy then they are giving referral customers. New product decision based on requirement from customer and creation of new products is predicated on fierce competition.

Understanding customers' requirement and developing a quality product is key focus. One Manufacturing unit is responsible for providing semi-finished products to large scale unit. In this case the total production of that SME is consumed by only one client hence focus is

only on mass production of quality products. Water processing unit is also focusing on mass production.

Selling concept is adopted by almost all SMEs by tradition as their earlier focus was not on marketing aspect. But changing environment and competition even SMEs has realised the positive impact of Marketing activities on their financial performance. Managers play an active role in the sales process; in most cases they are making first presentations to potential clients. Salespeople has a desire to help customers and help them to make satisfactory purchase decision.

Marketing objectives are set by most of the owners of the SMEs. They have realised the long-term relationship with the clients. Carson and Gilmore (2000a) claimed that SMEs adapt marketing practices to their specific circumstances in the business sector. They use marketing strategies to develop their competencies for their growth as well as for

survival. They are collecting relevant industry information through informal network.

In marketing strategies all SMEs have adopted Marketing Mix strategies- product, price, place, and promotion which includes attention to produce affordable, but quality products as compared to competitors. Keeping economic pricing strategy, distribution as per order and firm prefers to direct distribution of products and services to customers. Promotion is still restricted to networking, word of mouth, referrals, direct marketing, technical exhibitions, and trade shows.

Societal marketing strategies are limited to regional level also they are following ethical values in their organization. Most of the SMEs act responsibly and ethically while deciding pricing, and producing products / services

SMEs are ethical and honest in their sales activities to build long-term partnerships with the customers.

Table 2: Marketing Philosophies and Practices in Small scale Industries

Philosophies	Theoretical – Proposed Strategies	Practices in SMEs
Product	<ul style="list-style-type: none"> ▪ Quality products ▪ Innovation ▪ Product focus promotion ▪ Product performance 	<ul style="list-style-type: none"> ▪ Quality products ▪ Products modification-based on requirement/orders ▪ Functionality and performance
Production	<ul style="list-style-type: none"> ▪ Mass production ▪ Mass distribution ▪ Mass promotion 	<ul style="list-style-type: none"> ▪ Mass production ▪ Limited customers ▪ Limited promotion
Selling	<ul style="list-style-type: none"> ▪ Selling activities ▪ Distribution ▪ Promotional efforts for selling existing products 	<ul style="list-style-type: none"> ▪ Selling with limited sales force ▪ Distribution – selective distribution strategies
Marketing	<ul style="list-style-type: none"> ▪ Customer orientation ▪ Market focus ▪ Integrated Marketing Activities ▪ Marketing mix strategies ▪ STP strategies 	<ul style="list-style-type: none"> ▪ Long term customer relationship ▪ Competitors strategies ▪ Network Marketing ▪ Marketing Mix strategies ▪ Segmentation
Societal marketing	<ul style="list-style-type: none"> ▪ Consumer welfare ▪ Social welfare 	<ul style="list-style-type: none"> ▪ Limited level social activities

CONCLUSION

The study is sought to explore the usage of marketing theoretical concepts in small scale industries and its linkage with the marketing practices that they are implementing. It has been observed that though decision makers are aware about few marketing concepts they don't implement all those practices in the business. It has been found that highest linkage of

Production, Product and Selling Philosophy with Marketing practices.

Further, there are some suggestions, SME's need to concentrate more on customer and market for adopting marketing practises. The best way to accomplish this level of integration and emphasis is to train the function heads and other workers the fundamentals of creative

marketing, emphasising how important this function is to their job duties.

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