

A Study on the Current Scenario of Internet Marketing Among MSME (Micro, Small and Medium Enterprises) Sector of India Followed By Suggestions and Recommendations for Effective Adoption of Internet Marketing Among MSMEs of India

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Abstract

MSME sector of India is considered to be the back-bone of our economy in terms of its contribution to socio-economic development of our country towards GDP growth, employment and export. Whereas, there is always been a concern that MSMEs of India have not really tapped their fullest potential in growing their business due to lack of exposure, awareness, intelligence and many such problems in effectively marketing their products and services.

The present paper aims at identifying the importance of internet marketing for MSMEs in growing their business, the need of the hour and at the same time understand the drawbacks of MSME sector of India in their adoptability of internet marketing as their way of doing business through an extensive study of published research/literature to understand and analyze the current scenario and recommend suitable suggestions to invite MSMEs and Policy Makers for their collaborative efforts towards the growth of this vital sector of India and encourage future research in this area.

Key Words: Internet Marketing, MSMEs, B2B Market

Objectives of the paper:

The Objective of this article is to study the current scenario of internet marketing among MSMEs of India. The article is aimed at analyzing the positive and negative aspects of internet marketing usage among MSMEs of India as well as proposing the recommendations

for acceptable strategies for adoption of internet marketing as their effective tool of marketing.

The article employs the methods of systematic, historical, comparative and published qualitative research. With reference to study, it deals with the existing status of internet marketing among MSME sector of India and as well as their effectiveness.

Internet Marketing Scenario in the MSME sector of India:

The research, conducted by global management consulting firm BCG for the Microsoft report, revealed that about 90% of small and medium enterprises (SMEs) in India have no access to the Internet. According to the government data, micro, small and medium enterprises employ about 59.7 million persons spread over 26.1 million enterprises. In value terms, MSMEs accounts for about 45% of the manufacturing output and around 40% of the total export of the country.

The research revealed nearly 90% of SMEs in India have no access to the Internet, compared with only 22% of SMEs in China and 5% of SMEs in the US. Over 57 per cent of SMEs in India use websites as a sales channel and to get direct business leads, according to a survey conducted by Google India. The survey was conducted to understand usage patterns and the importance of the online medium to small and medium enterprises (SMEs) in India. While the absolute number of SMEs with an online presence is very low compared to the actual (number of) businesses in India, it is pleasantly surprising to see increasing understanding amongst Indian SMEs to use the web for business growth especially during the COVID-19 pandemic.

In the last one year, it is seen that there is a significant increase in the number of businesses that have started to advertise online. But with over 35 million MSMEs in the country, we have a long way to go. Out of total MSMEs in India, 71 percent use the Internet to search for vendors and suppliers and about 40 percent of them use the Internet to create online listings and advertise online. However, accessing email is the main purpose for using the Internet for all the MSMEs.

The Internet is also emerging as one of the fastest growing avenues for MSME advertisements, with 58 percent of MSMEs with websites using the web to generate business leads. Nevertheless, traditional medias like Print Media, TV, Hoardings, Exhibitions still accounts for most of MSMEs' advertising spend.

Amongst the MSMEs that have an online presence, 56 per cent of them feel the Internet is a cost-effective medium as compared to traditional advertising mediums like print and television and 79 per cent of MSMEs believe that Internet advertising can provide a greater reach. Among all the MSMEs surveyed, those involved in insurance, IT hardware, travel and tourism spend around 30-45 percent on online marketing. Annual online spends are also high among MSMEs in the media and entertainment, gems, jewellery and apparel space.

In this regard, display advertising and email marketing are the most popular forms of Internet advertising and 30 per cent of MSMEs use search engine advertising to market their product and services.

A research report, from Google and FICCI, exposes the sluggish penetration of Web, especially among MSMEs. Fewer than 5% of MSMEs in India have web presence, while 51% of these uses Web to advertise while only 27% use it for e-commerce.

In spite of the fact that web-enabled MSMEs performed much better than offline MSMEs, adoption of Web and E-commerce is still far from any sizable market share. Web-enabled MSMEs boasted revenue 51% higher, which resulted in 49% more profit and 7% broader customer-base than their offline-only counterparts.

However, as 95% of MSMEs are yet to have their web presence, there are enormous growth opportunities for Internet advertisement and e-commerce Industry in India.

The report also revealed that only 49% of Internet using MSMEs surveyed had websites; majority of these belong to IT and ITES. Surprisingly, MSMEs operating in B2B segment remained the most negligible towards their web presence.

Internet Marketing - a great opportunity to grow MSMEs Business:

There are many small and medium scale units producing specialized products and offering services. Success of many big firms today who are dependent on small companies' for component supplies is because of continual support from these small units in supplying quality products/services to big firms in the B2B where the majority of MSMEs are in existence. Though many small firms are able to produce world-class products and expertise there is an absolute necessity of mastering the techniques of modern marketing. It doesn't matter how good the products or services of small enterprises are without the proper showcase of this talent to the world through effective marketing of their products or service on World Wide Web.

Those were the days when small units were unable to show case the capabilities to the world and failed to cope up with the market competition because of lack of resources. Today things have changed and the world has become very small after the advent of internet the most powerful cost-effective media.

Today, there is need for change by this vital sector of India. It is believed by many small entrepreneurs since ages that a business generation happens only through personal networking or traditional marketing methods of placing few ads on newspaper, attending some trade shows, by sending direct mails with coupons or offering discounts to incentivize new business, and tactics like social media services, SEO, SEM, email marketing, and public relations on large-scale, however, were left to the big organizations with customized budgets.

Thanks to internet, a magic of change it has brought to this world in making the world market very small. Today for every business irrespective of whether it is small or big the world is the market. The entire marketing scenario has changed for businesses of all sizes. A small scale business needs to go beyond a single marketing strategy.

With the growing internet users across the world day by day internet is continuously gaining attraction, customers and prospects of almost any business can be cost-effectively accessed and engaged online.

There is growing interest in tactics like word of mouth, referral marketing, and couponing. In fact, Internet Marketing offers you many modern channels like B2B portals, Online

Directories, SEO, Viral Marketing, Social Networks, Influence Engagement, Online PR, Online Exhibitions, Blogs, email marketing, Online Video marketing and many more to drive them to multiply their impact in the business.

The emergence of various internet services has led to a revolutionary change in marketing and by the end of this decade everything in the marketing mix will be radically challenged. People are spending less time watching TV and reading newspapers each day and instead of that they prefer communication through the use of mobile phones, watch videos on YouTube, exchange information through different social and business networks and conduct more and more virtual meetings on platforms like zoom, MS teams, Google Hangouts, Skype etc.,

The internet has changed the world in which we sell or purchase. It reaches beyond being a new channel for marketing and offers a new paradigm for the consumers to connect with each other and also with brands. The online marketing medium provides consumers with more influences, choices and power. Brands have new ways of selling, new markets in which to sell new products and services. Marketing agencies too are shifting their roles.

When marketing creates demand, internet marketing drives the creation of demand using the power of the Internet. The Internet is an interactive medium. It allows for the exchange of currency, but more than that, it allows for the exchange of value. A business on the Internet can gain value in the form of time, attention and advocacy from the consumer.

Internet marketing strategies provides you with the right ideas, tools and technology and refined knowledge to transform your business into marketing pro. Internet Marketing is the practice of promoting products and services using online platforms like Websites, Business Directories, Portals, Blogs, and Social Networks like Facebook, Twitter, and LinkedIn Etc., to reach consumers in a timely, relevant, personal and cost-effective manner.

Suggestions to MSMEs:

The following are the suggestions for effective use of internet marketing and its successful adoption by MSMEs.

Many small business owners view their business on the grounds of their mere contacts and relationships, pursuing traditional means to promote themselves and win new customers as an

outcome of word-of-mouth or personal face value influence. However, regarding any business (from the largest enterprise to the sole trader, or anything in between) as purely offline is a risky strategy to take when your customers are spending more and more of their time online.

Harnessing the web as a business tool is important, even for businesses that may consider themselves as primarily or conventionally offline. Though the nature of business may seem to exist because of their personal selling mantra or capacity the web can play a huge part in that. So no matter how established your businesses are offline, it's crucial to get the basics of online in place when the times are changing and we are in process of adopting ourselves to our new normal life and way of doing business.

As a small business, it's unlikely you'll have big budgets, staff or free personnel hours to invest in a complex online strategies and implementations, but there are certainly some simple steps you can take to start reaping the rewards that the internet can bring.

1. Make Your Business Information Accessible Online

The key to making the most of the web is making your business as accessible as possible, letting people find you in a way that suits them, whenever they want to. Your customers source your products or services online, and as such they land up into enquiring about their requirements with businesses and organizations which are easily accessible online. Of course, that doesn't mean the business enterprise should have presence on every single online channel; it means being clever about selecting the ones that are most important to your audience.

At the most fundamental level, this means a basic, professional looking website with easy to find, relevant information about your business. At the most an information source about your business and products / services you offer which suits their needs and acts as your 24x7 sales help to them to reach you in time.

2. Grow your business step-by-step from local to global

Being online doesn't necessarily mean to stretch your hand globally altogether at single stretch. It really makes sense to grow step-by-step by improving your online presence from

your local market to global market. Focus your strategy to capture the local market using appropriate online tools to develop your business. Build your strong base locally which can give you an access to global markets by virtue. Think also about local listings sites, directories, B2B portals, Blogs, Online networking groups and building partnerships with other local businesses which can place your business in the right direction to reach your prospects and turn them into your offline loyal customers.

3. Use multiple online resources to extend your presence and target on something which really yields you the maximum business

One of the first things to consider is through which online resource to make your business visible to your business prospects. Yes, your website is your flagship, but you need to get your products and services to where your potential customers are looking at your products or services. As a small business, you may not have either the time or resources to do everything, and investing in a fruitless channel can end up being a costly mistake. Make an analysis of your web presence and identity resources which can bring you the maximum results and focus your efforts accordingly.

MSMEs have to be selective when investing resources in the B2B e-marketplace. They have to select appropriate resource that can yield the maximum number potential customers. e.g., if they are manufacturing industrial goods they can use leading B2B Portals like IndiaMart, Trade India, Alibaba etc., for identifying potential buyers in the local as well as international markets.

4. Nurture your loyal customers – turn them into your marketers.

Finally, think about how you can use your most loyal customers to do your online marketing for you. Social media has changed the way people make recommendations and share their experiences/likings about your business. Tired of the constant bombardment of marketing messages – and with a whole internet of opinions we now just have to turn to Face book or Twitter or LinkedIn for advice. A business can be made or broken in minutes. The mass adoption of online social networks has changed the way we make purchasing decisions. Businesses of all sizes, no matter how small, can capitalize on that. Best of all, these social recommendations are super-targeted, personal and free.

To sum up, big impact doesn't have to mean big budget when it comes to the marketing online.. It's all about being relevant, consistent and easily accessible online. Keep these three things in mind and you'll be well on the way to succeeding in using the internet to create a slick, professional window display for your offline business.

Recommendations to Policy Makers

Concerned Ministry or Government organizations can bring a big impact in the growth of MSMEs with appropriate initiatives to promote the importance of internet or digital marketing among the MSMEs. There are many such initiatives by the Government in this direction eg., Government E-marketplace (GeM) a digital platform for government procurements, MSME mart a B2B online marketplace by NSIC etc.,. However keeping in view of the speed at which the digitization is growing especially after the outbreak of COVID-19 pandemic in India. Marketing on internet is sometimes considered as the only way to do business. The following recommendations are provided to policy makers and organizations that can bring this big impact in the growth of MSME sector with consistent initiatives and policies. These recommendations are to promote the use of Internet Marketing methods by MSMEs and to increase their growth.

Training programs for enhancing awareness: As it found in many studies done on MSME sector that awareness levels among MSMEs are lower in understanding importance of being online by the majority of MSMEs, Ministry and Concerned Government Bodies have to organise more and more training programs in association with District Industrial Centers or Industry associations to spread the awareness on the potentiality of internet marketing in increasing their business. It has been observed that micro and small firms have significantly lesser awareness levels. By increasing awareness levels and handholding the micro and small firms to embrace electronic marketplaces, concerned government bodies can really bring a big change in the achievement levels of these firms. More and More advisory support from DIC/Industry associations to these firms will make a big impact on the way these firms explore their business potentialities.

Educate MSMEs through best practices and success stories: It is evident from the research studies conducted on MSME sector that the pressure from the buyers or market has significant influence on the adoption of Internet Marketing strategies by MSMEs to grow their business. Therefore, the concerned government bodies or industrial associations should make an information portal available to MSMEs and reach-out to each MSMEs with the case studies of successful MSMEs who have successfully adopted the internet as their strategy to grow business and have grown big. Case studies, information about how to select an e-marketplace, sector specific market opportunities, information on foreign markets for companies willing to explore markets outside India should be included in the portal.

Schemes for enabling internet marketing adoption: Specific policy on providing subsidies and reimbursement of expenses for using internet marketing services for MSMEs for few years. This handholding would be necessary to make the services reach to the larger segment of MSME population.

Conclusion

Internet Marketing has considerable importance in the present industrial era in bringing the economic value for the businesses of MSMEs. Hence it is imperative for every small business owner to adopt this powerful tool as the key marketing strategy for growing their business. At the same time, there is a support required to this sector by the government and policy makers to bring a change in the scenario in existence currently among MSMEs in India as their barriers in effective adoption of internet marketing as their primary tool of marketing. There is real realization required by every individual businessman that internet marketing is the future gateway of growing their business. Hence more and more research is required in this area to help the MSME sector to reap the benefits of the studies in growing their businesses.

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