

# Small and Medium Sized Enterprises (SMEs) and Innovative Marketing

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**Abstract:** The purpose of this paper was to investigate the concept of innovative marketing and how it manifests itself in the context of small-to medium-sized enterprises. This paper also helps to find out certain challenges faced by the SMEs. The literature relating to the characteristics of SMEs, and innovative marketing are reviewed to identify the key elements of innovative marketing and SMEs. This research and the key elements identified contribute to an overall conceptualisation of innovative marketing for SMEs.

**Keywords:** SMEs, MSME, Innovation.

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## 1. INTRODUCTION

SMEs play an important role in the development of the economy and in the growth of the world economy as well. In India the 36 million-unit MSME sector provides employment to more than 80 million people. The sector through more than 6000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country. The importance of SMEs to growth of the Indian economy is on the whole. Indian are classified according to Micro Small and Medium Enterprise (MSME) Act 2006 considering investment ratios for manufacturing sectors and service sectors both it considers investment in plant and machinery.

There are different contextual factors and pressures that help to affect the marketing of SMEs in a way that maximizes SME benefits. Components of this moulding phase involve modifying operations to run in a complex competitive environment with various resource constraints, separating decision-making and networking between owner / manager and client focus. Thus SME marketing activities and practices are moulded to take account of competitors, customers, the business environment and the SME's resource limitations and are heavily influenced by the owner / manager's decision-making and inherent skills and abilities.

Given that marketing creativity plays a fundamental role in the effectiveness of SEMs in the current competitive environment, knowing the effects of various marketing activities on creative marketing is important. Certain marketing approaches traditionally focus on the marketing mix. However, instead of focusing on the traditional marketing paradigm of the 4Ps (product, price, place and promotion), or the 7Ps adopted by service marketing (product, price, place, promotion, people, process and physical evidence), entrepreneurs stress the importance of promotion and word-of-mouth, and have identified one of the unique selling points of their business as the nature of their personal contact with customers and their focus on the four Is (Information, Identification, Innovation and Interaction)

SMEs are also confronted with HRD-related issues, infrastructure-related issues and global environmental challenges in terms of lack of skilled manpower, lack of training, lack of motivation, lack of water, lack of transportation, political challenges, social challenges, cultural challenges, lack of market knowledge, lack of public awareness, etc.

## 2. LITERATURE REVIEW

According to Gisha. P.Mathai (2015), the problems faced by small and medium-sized enterprises in India are the problems of lack of bank credit facilities, infrastructure problems, lack of raw materials, lack of technology, lack of training, lack of managerial and technical skills, lack of labor laws, competition from big companies

Neeru Garg (2014) says MSME's in India face a lot of possibilities and problems. He found that many opportunities from external environment are finance and subsidies provided by government, by globalization, credit & finance, competitive

technology, skill development, national manufacturing competitive programs, export promotion and infrastructure development etc. There are many government programs, such as development of clusters, credit schemes, development programs for entrepreneurship etc.

According to Michele O'Dwyer , Audrey Gilmore and David Carson The characteristics of SME Marketing include Decision making, Customers, Competitors, Environment, Limitations

### **3. CONTENT**

SMEs play an important role in the development of the economy, and also in the growth of the economy of India. The 36 million-unit MSME sector provides employment to more than 80 million people. The sector contributes about 8 per cent to GDP in addition to 45 per cent to the total manufacturing output and 40 per cent to the country's exports through more than 6000 products. The Indian Government has inaugurated several industrial estates, industrial parks, and special economic zones to boost the status of SMEs. They were formed for discussing and solving the problems and challenges of SMEs by many associations, chambers and supporting trade unions.

Small companies have been found to have higher innovation rates compared with their sales share or number of employees. Such innovative behavior occurs only when the external environment, the organizational goals and the personal values of an individual are in harmony. Innovation in SMEs can thus be categorized in terms of innovation character, innovation continuity, degree and attributes of Innovation.

Less structured organizational frameworks, such as those within small and medium-sized organizations, have been described as conducive to creativity, fostering a corporate culture that allows engagement, networking, inclusion and exploration throughout the company.

SMEs can succeed in using innovation to maximize competitive advantage while building skills to suit the informality of their structures, size, and internal and external environments. However, the classifications and models described in the related innovation literature demonstrate to what degree innovation can occur within SME marketing and contribute to the success of the organization.

#### **NATURE OF INNOVATION**

In this context, innovation takes the form of radical or incremental innovations, in which radical innovations bring about fundamental changes in an organization's activities and broad deviations from current practices, while incremental innovations are an improvement in an existing process, product, service or business approach

#### **ATTRIBUTES OF INNOVATION**

The Rogers ' (1995) model encapsulates innovation qualities such as relative advantage, efficiency, difficulty, trialability and observability that are also readily applicable to creative marketing. These attributes reflect customer / consumer response to the proposed innovation from their perception of the strength of the innovation's advantages (relative advantage);

Changing the definition of innovation from centric shift to encompassing customer satisfaction, competitive advantage and ingenuity and benefit will be affected by an unpredictable business environment, sufficient resources, the owner and key staff. SMEs can be effective in using innovation in this setting to optimize competitive advantage, Creating skills to match the informality of their systems, scale, and internal and external environments. However, the classifications and models described in the related innovation literature demonstrate the degree to which innovation in SME marketing can occur and lead to organizational success,

#### **INNOVATIVE MARKETING IN SMEs**

The role of marketing in innovation is to provide concepts, resources and services to close the gap between innovation and market positioning in order to achieve a sustainable competitive advantage .

The benefit is much more than that, though focused on innovation and SME marketing, integrating technological technologies into other non-core marketing aspects. Market-led Innovative Marketing. Such innovation is based in part on continuous environmental assessment of dynamic markets, which is essential in order to guarantee the growth of the business within a highly competitive environment.

#### **4. CONCLUSION**

SMEs support marketing within their capital limitations and enterprise environment. In general, SME marketing activities are driven by owners / managers and their personalities and are defined in terms of tactics to attract new business with a focus on competitors, customers and the business environment. The characteristics of innovation in business and illustrated that innovative new businesses build new competencies, based on current and future market trends, and customer demands, and are driven by a profit seeking mission. In facing the challenges posed by limited growth conditions, and larger resource-rich competitors, SMEs compete using a combination of invention and pioneering, in addition to adopting flexible business structures, strategies and culture. Innovation is the most significant factor that can be used by SMEs to compensate for any disadvantages experienced because of their size, and can be defined in terms of its nature, continuity, attributes and degrees of innovation. The main components of creative marketing are linked to marketing factors, integrated marketing, consumer attention, business emphasis, adjustment and with a specific proposition.

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