

Micro-Enterprises – Marketing Skills and Strategies

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Introduction

An enterprise is something defined in terms of workers employed or investment in plant & equipment, turnover of output or sales etc. there are three types of enterprise - Micro, Small and Medium Enterprises (MSMEs). A microenterprise is defined in terms of workers employed. An enterprise having employment of up to five workers can be regarded as micro enterprise. The concept of microenterprise and microfinance was pioneered in 1976 by Nobel Prize recipient Muhammad Yunus, founder of the Grameen Bank (Bank of the Poor), in Bangladesh. The bank was established for the purpose of making small loans to the poor – predominantly women – to help them obtain economic self-sufficiency.

Microenterprise: A Microenterprise mostly relies on native skills, manual operations and conventional tools, catering to local requirements and needs. The sector plays a vital role in the economy of any country by providing employment & income generating opportunities on a sustainable basis and thus contributing to the national income. Micro-enterprise projects are aimed at improving the status of poor through income generating activities and social development activities. Income generating activities therefore are not an end in itself, but a means to achieve the overall goal of improved status of persons' lives. A business is "any venture which involves production of goods and/or services to obtain profit."

Characteristics of Micro-Enterprise

- A. small level of capitalization
- B. initiated and managed by a household or few individuals
- C. self-employment (owner is manager and worker)
- D. simple technology and equipment
- E. utilization of local resources/raw materials
- F. transactions are often informal (no written agreement, based on personal contacts)
- G. ease of entry

The role of micro-enterprise in rural development

The main role of micro-enterprise development is "Improving the Socio-economic Status of households through Income generating and Social Development Activities". Encouraging rural population to engage in micro-enterprise, means encourage initiative, risk taking, decision making and income earning. They are able to participate in socioeconomic activities in their communities. Limited technical, literacy and business skills are other major reasons for low status of rural population. Micro-enterprises undertaking requires relatively simple technology and management. When they are engaged in micro-enterprise they can gradually improve their skills. In the case

of women, they have a high burden and sometimes many children. Microenterprises usually are house hold based and women can choose an enterprise which they can combine with their other chores. Employment in other enterprises would not contribute as much to improving women's status, because women would be employees rather than managers. As a consequence, they are not able to experience the personal changes which have been enumerated above. Lack of funds is an obstacle to develop micro-enterprises. As a group, they can mobilize resources through savings from which members can borrow for micro-enterprise development.

Group members can study together and share experiences, e.g. on technical and financial matters, market information, etc. Through these group activities member's skills improve faster and to a higher extent. As a group, micro-entrepreneurs can be more organized and can use group strength in addressing constraints. For example, the group can arrange training, can buy inputs or run facilities together, can negotiate with buyers, mobilize support from village leaders, etc.

Marketing Skills and Strategies

Marketing is the action or business of promoting and selling products or services, including market research and advertising. Skills in marketing are needed by entrepreneurs, even those who own and run micro-enterprises. The purpose of marketing is getting customers to purchase the service or product.

4 Ps of Marketing Mix: It includes the coordination of four elements called the 4 P's of marketing.

- a) Identification, selection and development of a product
- b) determination of its price
- c) selection of a distribution channel to reach the customer's place, and
- d) Development and implementation of a promotional strategy.

Successful marketing activities involve the following parameters:

- Finding out what people need;
- Providing the products or services to meet this need;
- Selling them in places where people can get them to buy;
- Setting prices that people are willing to pay; and
- Informing and attracting them to buy your products or services.





Marketing strategies for micro-enterprise

The product or the services of micro-enterprises are generally marketed locally. Mouth publicity is the main means to enhance business. Due to the shift in the technology and the taste in the customer preferences, the micro-enterprises need to adapt these new innovative practices for promoting and expanding their business. The primary step of a marketing strategy is to learn the market. By learning the market, we mean to identify the buyers as well as the features of the targeted market. Mainly, who your buyers are, how large your market is, and also make sure your market gives you a reasonable profit margin. Implementation of the few innovative practices can help the micro-enterprise to fasten their decision-making process and get closer to being customer oriented.

1. **Direct- Marketing:** This is the most effective tool for micro-enterprise as this is the direct channel to reach and deliver goods and services to customer without using marketing middleman and avoiding unlikely costs. Effectiveness of direct marketing can be enhanced by using direct mails, bulk SMS, telecalling.
2. **Events:** Organizing, sponsoring and participating in various events like *fairs, exhibitions, school and college promotion, flash -mob, etc.*, will be a good platform for micro- enterprise where they can have direct interaction with their target customers. Events provide an opportunity to induce the feelings for the product and give a real time experience.
3. **Advertising:** It is an indirect approach and has a long term perspective, like brand image and brand recall. Being flexible and selective in nature, it is the best medium for micro-enterprise for advertising their products. Local newspapers, local radios, paper inserts, local magazines, and outdoor medium such as pamphlets, posters, banners, hoardings etc are the conventional mediums through which the micro-enterprise can reach the target customers effectively and efficiently in minimum cost. Due to high competition, co-branding is also in practices nowadays, where two entrepreneurs either promote their products together in a single medium or they pool their resources to promote each other's products which can be termed as barter advertising.
4. **Sales promotion:** It makes the consumer to take a favorable purchase decision by providing one or other kind of direct inducement like discount, price off, gift, coupon etc. It is a short term and direct approach and expects an immediate response in terms of sales. Free samples, premiums, exchange offers are effective method of sales promotions in the introduction stage of any micro-enterprise.
5. **Website:** The importance and benefits of internet in today's competitive era is well acclaimed. This promotional tool is efficient, cost effective and its reach is unassuming and overwhelming. Micro- enterprise can create their own website and promote their products and services at a global level. Social media now a days is also one of the most effective and affordable ways to be in touch with customers.
6. **CSR:** Since the 1990s, environmental and social factors have become increasingly important strategic considerations for enterprises of any size. To be in the good books of the existing and potential customers, micro- enterprise too should continuously do activities related to social cause. Some common practices which a small enterprise can adopt are:
 - *Say no to Polybags*
 - *Minimizing pollution level*
 - *Maintaining the quality of the product and checking on regular basis.*



Issues in marketing

Out of several problems faced by micro-enterprise, the absence of adequate marketing facilities is one of the major concerns. Almost all types of enterprises face marketing problems, but the micro-enterprise face greater difficulty in the marketing and distribution of their products. Some of these are:-

- Micro-enterprise tends to face tough competition from the products and sales/marketing strategies of large scale enterprises. They face the difficulty in terms of cost, quality, standards, popularity, meeting ever-changing demands/preferences of consumers, etc.
- They lack their own marketing distribution network.
- Most of the micro-enterprise are unaware of the modern marketing and business strategies. As a result, they are unable to cope quickly with changing market scenarios. Though the products they produce has huge market potential but they unable to opt for efficient marketing techniques.
- They lack effective sales promotion because of the lack of funding and resources. They cannot afford to spend much on advertising, sales promotion, market analysis, etc.
- They find it difficult to sell their output at a profit because of higher cost of production and non-standardized quality of products.
- They also have to sell their products at a loss because they cannot bargain with the big buyers and requirement for the urgent need of working capital.

Thus, it is right to say that most of micro-entrepreneurs do not correctly understand as to what kind of products are actually needed by the market, how big/small is the market, when the products are needed and how to deliver such products. All these problems keep them mainly isolated from the market trends and conditions and, thus, tend to restrict their operation.

Modern tools in marketing

The micro-enterprise cannot generate revenue by selling same old products to the same old market in the same old way. There is vast possibility of changing marketing practices. There are many innovative marketing techniques, which can be considered for micro-enterprises.

- **WWW as a Promotional Tool:** Last two decades has shown the Indian business houses that, what an impact an internet can make it to their business. Generating own website and promoting your products and services on globe is now cost-effective.
- **Customer Relationship Management (CRM):** The importance of CRM is known fact to each and every enterprise. As now all the entrepreneurs know that 80 percent of their business comes from their 20 percent loyal customers.
- **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 activities can be video recorded and uploaded in the internet, which intern will help the potential industrial buyers to understand the functioning of the micro-enterprises.



- **Mobile applications as a Service tool:** Mobile applications can be used as the service tool, the regular updating of payments, receipts, and other business related information will help the customers in meeting their commitments without overlooking at them.
- **Improving feedback mechanism:** Marketing function totally depends on your customer information. Micro-enterprise should know exactly who are our end users, why do they purchase our products, when do they purchase in a year, how we can motivate them to do repeat purchase. They need to redouble their efforts at dialogue through social media, internet (Website) and get direct feedback from customers or clients.
- **Generate new sparks (Idea):** Micro-enterprise should not rely on their small marketing channels, rather than they need to include even each customer to give their valuable ideas to improve their products.
- **Cluster Approach:** Micro-enterprise need to adopt cluster approach to face the competition. This approach depends on the mutual understanding of members. The cluster member must be involved in complementary product rather than competitive products to ensure the working of this approach. The formal way of establishing the cluster will enhance the market capabilities of the micro-enterprise and it gives the cluster members more bargaining power. By this approach the micro-enterprise can get better results and facilities from the Government and they can do co-branding to reach potential customers.

To sum up, being one of the most important sector for the low-income people to alleviate poverty, microenterprises contribute significantly to economic growth, social stability and equity. Hence it is important to employ innovative practices in the marketing strategies to cope up with the shift in technology and the taste in customer preferences.



