

'MARKET RESEARCH': WAY TO INDIA'S INCLUSIVE GROWTH AND SUSTAINABLE SUCCESS OF SMES

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Abstract

'Marketing Research' is one of the weak areas in the SME sector, having major issues mainly due to unavailability of finance and lack of awareness. The SME sector still needs to learn the best of global marketing research practices. This is evident from the fact that mere 1% of the total SMEs are exporting units. There are a few SME owners who are using web and social media tools to promote brands, create related communities, and conducting surveys, however, the result of such a campaign is largely focused on enhancing sales rather than improving customer loyalty or gaining market insights. Hence, the major challenge for the SME sector today is to update and act upon the changes in marketing dynamics arising out of globalisation and technological up-gradation in every sphere of marketing, brand building, after sale service, and building clientele.

Over the last decade, market research industry has shifted its focus from asking to observing, questioning to discussing, collection to analysis, insight to foresight, large surveys to data streams, quarterly trackers to 24/7 insights communities and geographically fixed to mobile locations etc. The traditional marketing research methods are considered time consuming, non feasible and expensive from point of view of SMEs; but with the market research industry's transition towards the digital market research methods, there are hopes for the cost effective, value added and timely research benefits for this sector. The development of digital market research methods is certainly going to be a boon to the SMEs in the years to come.

Keywords: market research, SME, traditional research methods, digital research methods

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SMEs in India-A Fact File

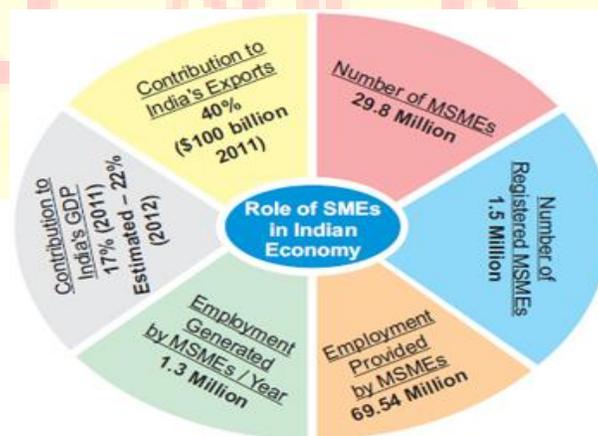
The SME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector in India has performed remarkably well and contributed to the nation's growth. With less capital and high absorption of manpower, the sector has contributed significantly to rural industrialization and employment generation. It is the second biggest sector after agriculture in India that is providing employment.

The Small and Medium Enterprises (SME) sector in India is broadly classified into manufacturing and service enterprises. These are further classified into macro, small and medium enterprises based on their investments in plant and machinery and equipments.

Definition of MSMEs in India

Description	Manufacturing Enterprises – Investment in Plant & Machinery	Service Enterprises – Investment in Equipments
Micro Enterprises	Up to Rs. 25Lakh	Up to Rs. 10 Lakh
Small Enterprises	Above Rs. 25 Lakh & up to Rs. 5 Crore	Above Rs. 10 Lakh & up to Rs. 2 Crore
Medium Enterprises	Above Rs. 5 Crore & up to Rs. 10 Crore	Above Rs. 2 Crore & up to Rs. 5 Crore

SMEs play the key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. In India, SMEs play a vital role in driving the economy of the country and contributing 17% to its GDP. The statistics reveal the contribution of the sector to India's economy.



Role of SMEs in Indian Economy

Source: http://www.smechamberofindia.com/smemanufacturingsummit/Role_of_SMEs.aspx

In China, the MSME sector contributes around 60% of the GDP and accounts for around 99% of the total enterprises providing around 75% of the total employment. In case of Japan, the SME's share in GDP is 56.8%, constituting 99.7% of all enterprises and providing employment of 70% of total employment. There is ample scope for Indian SMEs to grow as per the international standards.

Creating Values through Marketing Research in SMEs

Market research can help SMEs to identify their target customers, find out what customers think about their ideas, products or brand and gather insights in assessing the right target market. Market research should be part of business strategy of SMEs. Market research can enable SMEs to test everything from ideas and perceptions to Product, Prices, Promotion, Place, Packaging, Positioning and People (7 Ps of marketing).

The marketing research concept is a perpetual and continuous activity for every business irrespective of the scale of the business. Market strategies, target marketing, marketing mix etc. - all decisions of marketing depends upon marketing research. **Market Research for SMEs** Market research is used for developing effective strategies and determining the future path of business in each of the following stages of SMEs:

1. For starting a new SME
2. For considering franchise opportunities
3. For growth of existing SMEs
4. For survival of sick SMEs
5. For expansion of existing SMEs in national and international market

1. For starting a new SME

Identify Market Inefficiencies

When looking at a market, consider what inefficiencies are present in the market. Do you have an idea on how to correct these inefficiencies?

Remove Key Hassles

Take a look at some of the key hassles customers face when buying or using a product or a service. You don't necessarily have to have a new product or service. You can be innovative and improve a product, a service or a business process.

While starting a new SME, the questions which can be answered through Market Research are:

- Who are my target audience or clientele?
- What do they need?
- What are their wants?
- Which geographies have sales potential?
- What can be the distribution channel?
- Why they will need/want my product and services?
- Who will be our competitors?
- How is the market environment?
- What can I do to make my product and service more attractive?
- What are Government rules and regulations in my target market?
- What is the best entry strategy for my target?

2. For considering franchise opportunities

For first time entrepreneur, this can be very useful to explore the franchise opportunity for the new business. A successful franchisor has a tried and tested business model, and it will reduce most of the mistakes that a new entrepreneur will make.

3. For growth of existing SMEs

Observational market research is best suited for the growing SMEs. It involves paying close attention to the world around you and then creatively developing these pieces of information into potential opportunities.

4. For survival of Sick SMEs

Various reasons for sickness of SMEs has been identified by the Development Commissioner (Small Scale Industries), such as lack of demand, shortage of working capital, non availability of raw material, power shortage, labour problems, marketing problems, equipment problems and management problems. In India, the total SMEs units affected due to these various problems is numerous. Different reasons for sickness in small businesses strongly emphasis the need for the market research in this sector.

5. For expansion of existing SMEs in national and international market

The Govt. has taken several measures for protecting and promoting the needs SME sector. For expansion of existing SMEs in national and international market, the steps followed through market research are:

- Learn how to establish and protect business identity.
- Access information on trademarks, patents, copyrights, designs & geographical indicators.
Information on various credit rating agencies and how credit rating can help SME enterprises
Easily access reports, case studies, best practices, white papers, standards & certifications.
Comprehensive database on exports, information on Export-Imports procedures, norms, schemes, finance options, markets & more.

Cost effective Digital Market Research Methods for Small Business

Due to small size and cost constraint, SMEs are often unable to tap markets to their true potential. While direct mail questionnaires, in-depth telemarketing campaigns, focus groups, and other techniques are effective methods of surveying customers and prospects, they can also be quite costly. The challenge for many small business owners is to do their research on a tight budget.

Small business owners typically don't have the resources to spend tons of money on marketing research like large companies do on national surveys, which cost a lot of money to conduct. Here are some cost-effective methods SMEs can try with the help of Internet:

1. Desk Research
2. Online Survey
3. Polling on Your Website
4. Blogs, Online Message Boards and Feedback/Customer Review Research
5. Mobile Phone Market Research
6. Social Media Market Research
7. Keyword Web Research
8. Buy and Sell Research
9. Online Advertising Research
10. Gauge Customer Interest Research
11. Virtual Shopping Research
12. Scanner Research
13. Database Mining Research

1. Desk Research

Desk research refers to Secondary market research with the help of Internet. Some of the sources of desk research are:

- **Trade associations e journals** - Reading trade journals, magazines, newspapers, and industry newsletters is an excellent way to learn about trends in your industry and keep ahead of the curve. They often report on industry trends and other key issues before they're picked up by the general press. You also will find a wide array of information about your competitors.
- **Study e-annual reports of prospective clients/competitors**-This will give you invaluable information on your target segment, buying potential, growth trends, nature of competition etc.
- **Government agencies e reports** - Many state and local offices websites provide demographic information of the local area.
- **Market research statistics**- There are many websites online that offer statistics for small business market research. Statistics such as demographics can help you get a sense of population characteristics of your location.

2. Online Survey

Before conducting any sort of marketing research as a small business owner, you first need to make sure your client list is up to date with current addresses, telephone numbers and, most importantly, e-mail addresses.

There are online survey tools available to small businesses at a reasonable cost, most of which provide survey templates that you can tweak to fit your business specifically,.

3. Polling on Your Website

Another research option is to add polling to your website. This is something you often find on news websites that ask readers to poll about their thoughts on a specific situation. The premise is very similar for your website, except that you ask a question (one question is sufficient) that provides important information to you about your customers.

4. Blogs, Online Message Boards and Feedback/Customer Review Research

Blogs, message boards and feedback/customer review options are always good opportunities to find out what your customer is looking for from your business and your product, and they are inexpensive additions to any website. They also allow researchers to gather people from broader geographies much easier.

5. Mobile Phone Market Research

Smart phones and tablets are taking the world by storm. These devices are becoming a preferred platform for many applications and markets, including market research.

6. Social Media Market Research

SMEs can use the social media for a variety of purposes including making customers aware of technical issues, provision of knowledge to clients, marketing research and networking. SMEs should adopt a strategy of carrying out at least daily updates on social media with tailoring of the content of posts to suit the social media platform and the target audience.

7. Keyword Web Research

Web search using search engines such as Google and Yahoo. Take that a step farther by searching for 'keywords' that people would use to find your type of products or services on the Internet.

8. Buy and Sell Research

One of the basic uses of the Internet for businesses is to sell products and services. Businesses create E-commerce websites to sell anything from cell phone contracts to books and CDs. Online selling eliminates the need for the business to maintain a brick-and-mortar store and in some cases they don't have to hold an inventory.

9. Online Advertising Research

Businesses also use the Internet to find new customers through online advertising. Offering text and banner ads on websites as well as informational pieces, the Internet allows advertisers to reach potential customers quickly and efficiently. Pay-per click advertisements are distributed on Internet search engines and websites, allowing business owners to reach potential customers using search terms related to their business. As the business pays only for each ad click, costs are lower. The affordability and reach of some Internet advertising puts even the smallest business owner in a position to compete with larger businesses.

10. Gauge Customer Interest Research

Business owners can use the Internet to monitor customer purchasing trends and interests. To discover what everyday people think about a particular product or service, business owners can visit online social networking sites and message boards. Taking in this feedback helps business owners make their products better. For example, car accessory businesses can visit car forums to find out what car enthusiasts want. A business owner can also use the Internet to connect and communicate with his customers through these same websites.

11. Virtual Shopping Research

This involves the use of virtual store simulation to mimic a shopping experience for participants—a good way to test things retail issues like product placement, store layout, packaging, etc. Once again, the idea is to replicate a real situation for research subjects and observe behaviour, as opposed to asking them through questionnaire what they think they will do.

12. Scanner Research

Scanner research uses checkout counter scans of transactions to develop patterns for all manners of end use. From a marketing point of view, scans can also help users track the success of coupons and to establish linkages between products.

13. Database Mining Research

This form of research attempts to exploit all kinds of data on hand on customers -- which frequently have other revealing aspects. Purchase records, for example, can reveal the buying habits of different income groups -- the income classification of accounts taking place by census tract matching.

Conclusion

In an exacting economic environment, small and medium size enterprises (SMEs) have been presented with a challenge. A challenge to grow and increase the profitability of their businesses with the help of market research. Market research essentially helps marketers and organizations in finding answers to their business related problems which they encounter every day

Undoubtedly, SMEs are in a better position of agility and flexibility to adopt the latest ways of operating than their older, larger and more established brethren. Digital Market Research methods are pushing the envelope of possibility in market research giving SMEs more tools to communicate with anyone, at any time, in any location and at cheaper cost. There's perhaps no better time to take advantage of the opportunities that online technologies offer them today.

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