
Use and Preferences of Promotional Tools by Small and Micro Business Organizations in South Gujarat Region, India

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ABSTRACT:

The four P's of marketing mix – Product, Price, Place and Promotion are always interest areas of marketers and academicians. Here under this study, the focus is on the fourth P – Promotion. There are various tools of promotion used by marketers like Advertising, Personal selling, Internet Marketing, Public Relations, Sales Promotion, Direct Marketing, Publicity, Event Sponsorship and many more. The promotional tools used by various organizations differs as per the nature of organization i.e. consumer versus business. Study undertaken here reflects that even the preferences of promotional tools change as per the type of product or service and type of business. Many people think about the modern tools of promotion used by marketers but the question is; Are the small and micro businesses using even the traditional tools? Here an attempt is made to understand use and preferences of promotional tool by small and micro business organizations in South Gujarat region.

KEY WORDS: *Promotion, Advertising, Personal selling, Interne Marketing, Public Relations, Sales Promotion, Direct Marketing, Publicity, Event Sponsorship*

INTRODUCTION:

During the 1980s, the promotional function in most of the companies was dominated by mass-media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Many companies came to see the need for more of a strategic integration of their promotional tools. These firms began moving toward the process of integrated marketing communications (IMC), which involves coordinating the various promotional elements and other marketing activities that communicate with a firm's customers. As marketers embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop and implement various components of their promotional plans. Most marketers did use additional promotional and marketing communication tools, but sales promotion and direct-marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organization's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communications process. Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market, and different goals and objectives. These companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets.

CONCEPT PROMOTIONAL TOOLS:

In 1960, E. J. McCarthy has first expressed the concept of Marketing mix – 4 P's of Marketing i.e. Product, Price, Place and Promotion which are also known as 4 Pillars of marketing. The concept of marketing mix has been of keen interest to marketers as well as academicians and researchers, as the success of any business lies

on these 4 pillars. A business may be a failure if it fails to justify any of these 4 P's. The most common reason for this is that many a time a firm is not able to communicate effectively to its target audience. That's why business organizations have started focusing on promotion of the product / service better termed as offerings (Kotler, 2008). Today, nearly everyone in the modern world is influenced to some degree by advertising and other forms of promotion. Organizations in both the private and public sector have learned to communicate effectively and efficiently with their target audiences are critical to their success. Marketers have variety of tools to use to communicate with target audience like advertising, direct marketing, internet marketing, personal selling, publicity, sales promotion etc. Even one of these categories have different sub categories like advertisement can be over broadcast media, print media, on transit media, hoardings, billboards, over internet and many more. But the question is, are small and micro business organizations uses modern tools or even traditional tools or event tools? And if they are using these tools what is their preferences in terms of promotional tool.

ADVERTISING is defined as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor.

DIRECT MARKETING is the concept in which organizations communicate directly with target customers to generate a response and/or a transaction.

INTERACTIVE MEDIA allow for a back-and-forth flow of information whereby users can participate in and modify the form and content of the information they receive in real time.

SALES PROMOTION is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales.

PUBLICITY refers to non-personal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship.

PUBLIC RELATIONS is defined as "the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance.

PERSONAL SELLING is a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea.

EVENT SPONSORSHIP is a type of promotion where a company develops sponsorship relations with a particular event such as a concert, sporting event or other activity.

SMALL AND MICRO BUSINESS ORGANIZATIONS:

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under: (a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

- (i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;
- (ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore;

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

- (i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;
- (ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore

LITERATURE REVIEW:

Organization began to use the process of integrated marketing communication, which includes coordination of the various instruments of communication (Smith et al. 2002). Many organizations are considering how to improve the management and integration of their marketing communication programs using integrated marketing communication (IMC). Nevertheless, various authors support the contention that there is ambiguity surrounding the definition of IMC, with no consistent or mutually agreed upon meaning, and with many areas in need of clarification (Kitchen and Schultz, 1999; Low, 2000; Phelps and Johnson, 1996). This ambiguity in IMC is going to have an impact on the development of measures to operationalise and assess IMC in organizations. It is very difficult to conceptualize the big picture and to muster all the organizational influences needed to achieve integration (Pick-ton and Hartley, 1998). To communicate unique message to target audiences, marketers requires using effective marketing communication which ensures the use of various marketing communication tools (Markwick and Fill, 1997). Organization began to use the process of integrated marketing communication, which includes coordination of the various instruments of communication (Smith et al. 2002). The IMC framework is built on the foundation that if multiple communications are deployed appropriately, they can enhance one another's contributions (Belch and Belch, 2003). Research found that it is not enough to integrate all communication activities at the level of individual product or service but we need to integrate the entire communication of an organization (Kitchen and Schultz, 2003). IMC is as a planning process which evaluates the strategic and synergistic role of variety of communication disciplines and considers how best it integrate them across the firm (Zahay et al. 2004). Furthermore, as a business competency, IMC suggests integrated management of multiple media to achieve superior outcomes (Naik and Raman, 2003). Worldwide Small and Medium Enterprises are considered as a backbone of the country (Burns 2001). Very few studies have been conducted in relation to the relevance, significance and meaning of IMC from the perspective of small and medium sized enterprises (Chaston and Mangles, 2402). Small firms with formalized marketing techniques adapted to resources available with relative success (Kotler et al. (2005). During last few decades there has been a significant change in marketing communication practices adopted by the marketers. Looking to the wide range and choices available for marketers an attempt here is made to study the preferences of promotional tools by small and micro business organizations in South Gujarat Region.

METHODOLOGY:

The research design for the study undertaken is descriptive-cross sectional research design which includes survey small and micro business organizations from South Gujarat region. Data were collected from 250 Small and Micro business units of Vapi, Valsad, Navsari, Surat, Ankleshwar and Bharuch of Gujarat State. Here non probability convenience sampling method was used for selecting the samples. Data Analysis was performed using SPSS 17.0 for data analysis software.

RESEARCH OBJECTIVE:

) To study the use and preferences of promotional tools by small and micro business organizations in South Gujarat Region

DATA ANALYSIS:

USE OF PROMOTIONAL TOOL

Table – 1 A

Statistics

Use Promotional Tool

N	Valid	250
	Missing	0

Table 1- B

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	154	61.6	61.6	61.6
No	96	38.4	38.4	100.0
Total	250	100.0	100.0	

Table- 1 A indicates the valid response and missing value. Here all 250 respondents have responded to this question. Table – 1B indicates the frequency, percentage, valid percentage and cumulative percentage. It indicates that 61.6 % respondents use promotional tool for the promotion while 38.4% respondents do not use any tool for promotion of their products and services.

Table 2 A - Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
\$Rank1(a)	154	61.6%	96	38.4%	250	100.0%

a Dichotomy group tabulated at value 1.

Table 2 B - \$Rank1 Frequencies

		Responses		Percent of Cases
		N	Percent	N
Rank for Tools(a)	Rank - Personal Selling	66	42.9%	42.9%
	Rank - Advertisement	25	16.2%	16.2%
	Rank - Internet Marketing	24	15.6%	15.6%
	Rank - Public Relations	11	7.1%	7.1%
	Rank - Sales Promotion	11	7.1%	7.1%
	Rank - Direct Marketing	16	10.4%	10.4%
	Rank - Publicity	1	.6%	.6%
	Total	154	100.0%	100.0%

a Dichotomy group tabulated at value 1.

Here table 2 A – indicates the valid cases. Total 61.6% respondents use promotional tools while 38.4% respondents do not use the same. Here table 2 B - indicates 42.9% respondents gave 1st preference to Personal Selling, 16.5% to Advertising, 15.6% to Internet Marketing, 10.4% to Direct Marketing, 7.1% to Public Relations and Sales Promotion respectively and 0.6% to Publicity. The publicity tool is least used by small and micro business organizations in South Gujarat region.

Table - 3

Rank - Personal Selling

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	66	26.4	42.9	42.9
	2	27	10.8	17.5	60.4
	3	21	8.4	13.6	74.0
	4	10	4.0	6.5	80.5
	5	10	4.0	6.5	87.0
	6	9	3.6	5.8	92.9
	7	3	1.2	1.9	94.8
	8	8	3.2	5.2	100.0
	Total	154	61.6	100.0	
Missing	System	96	38.4		
	Total	250	100.0		

Rank - Sales Promotion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	4.4	7.1	7.1
	2	25	10.0	16.2	23.4
	3	30	12.0	19.5	42.9
	4	44	17.6	28.6	71.4
	5	23	9.2	14.9	86.4
	6	12	4.8	7.8	94.2
	7	5	2.0	3.2	97.4
	8	4	1.6	2.6	100.0
	Total	154	61.6	100.0	
Missing	System	96	38.4		
	Total	250	100.0		

Rank - Advertisement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	25	10.0	16.2	16.2
	2	26	10.4	16.9	33.1
	3	37	14.8	24.0	57.1
	4	28	11.2	18.2	75.3
	5	21	8.4	13.6	89.0
	6	6	2.4	3.9	92.9
	7	7	2.8	4.5	97.4
	8	4	1.6	2.6	100.0
	Total	154	61.6	100.0	
Missing	System	96	38.4		
	Total	250	100.0		

Rank - Public Relations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	4.4	7.1	7.1
	2	10	4.0	6.5	13.6
	3	7	2.8	4.5	18.2
	4	10	4.0	6.5	24.7
	5	16	6.4	10.4	35.1
	6	32	12.8	20.8	55.8
	7	51	20.4	33.1	89.0
	8	17	6.8	11.0	100.0
	Total	154	61.6	100.0	
Missing	System	96	38.4		
	Total	250	100.0		

Rank - Publicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.4	.6	.6
	2	4	1.6	2.6	3.2
	3	6	2.4	3.9	7.1
	4	8	3.2	5.2	12.3
	5	12	4.8	7.8	20.1
	6	21	8.4	13.6	33.8
	7	42	16.8	27.3	61.0
	8	60	24.0	39.0	100.0
	Total	154	61.6	100.0	
Missing System		96	38.4		
	Total	250	100.0		

Rank - Direct Marketing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	16	6.4	10.4	10.4
	2	37	14.8	24.0	34.4
	3	27	10.8	17.5	51.9
	4	32	12.8	20.8	72.7
	5	19	7.6	12.3	85.1
	6	8	3.2	5.2	90.3
	7	7	2.8	4.5	94.8
	8	8	3.2	5.2	100.0
	Total	154	61.6	100.0	
Missing System		96	38.4		
	Total	250	100.0		

Rank - Internet Marketing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	9.6	15.6	15.6
	2	23	9.2	14.9	30.5
	3	21	8.4	13.6	44.2
	4	16	6.4	10.4	54.5
	5	26	10.4	16.9	71.4
	6	18	7.2	11.7	83.1
	7	15	6.0	9.7	92.9
	8	11	4.4	7.1	100.0
	Total	154	61.6	100.0	
Missing System		96	38.4		
	Total	250	100.0		

Rank - Event Sponsorship

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	.8	1.3	1.3
	3	5	2.0	3.2	4.5
	4	6	2.4	3.9	8.4
	5	27	10.8	17.5	26.0
	6	47	18.8	30.5	56.5
	7	24	9.6	15.6	72.1
	8	42	16.8	27.3	99.4
	9	1	.4	.6	100.0
	Total	154	61.6	100.0	
Missing System		96	38.4		
	Total	250	100.0		

Table 3 indicates preferences of each marketing communication tool separately. It is to be noted that no small or micro business organization has given first preference to event sponsorship.

KEY FINDINGS:

It is found that 61.6 % respondents use promotional tool for the promotion while 38.4% respondents do not use any tool for promotion of their products and services. These 38.4% respondents found to do business as per order and reference. Out of those small and micro industrial units which use promotional tools, it is also found that the most preferred tool for promotion is personal selling i.e. 42.9% respondents uses personal selling, 16.2% uses Advertisement, 15.6% uses internet marketing, 10.4% uses Direct Marketing, 7.1% uses Sales promotion, 7.1% uses Public Relations and 0.6% uses Publicity for marketing communication.

CONCLUSION & SUGGESTIONS:

The most widely used tool among small and micro business organizations is personal selling while the least popular tool is public relations. Research undertaken here indicates that 38.4% Small and Micro business units do not use any promotional tools for the promotion of their product or service. It is recommended that District Industry Commissioner (DIC), Government of Gujarat can take initiative to schedule training sessions for the same and make these units aware about the importance of marketing and its communication tools. It is also recommended to identify the reason for not using the same. Personal selling is the widely used promotional tool. The internet marketing is used by 15.6%. In today's technological era, it is also recommended to make the units aware about the internet, its reach and its benefits.

SCOPE OF FURTHER STUDY:

The research undertaken here attempts to study the preferences of promotional tools used by small and micro business organizations in south Gujarat region. Further research can be carried out to identify the reasons for not using promotional tools. Interested researcher can also go for the study of these tools for small and micro business organizations separately.

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