



REVIEW ARTICLE  
Vol.8.Issue.2.2021  
April-June.



INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA  
**2 3 4 9 - 4 6 3 8**

## INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT AND ALLIED SCIENCES (IJBMAS)

*A Peer Reviewed and refereed Journal*

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### E-MARKETING OPPORTUNITIES FOR MSMEs (MICRO, SMALL AND MEDIUM ENTERPRISES) OF INDIA

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DOI: [10.33329/ijbmas.8.2.33](https://doi.org/10.33329/ijbmas.8.2.33)



#### ABSTRACT

This paper on e-marketing opportunities for MSMEs of India basically deals with the analysis through a study on the importance of e-marketing channel for MSMEs primarily focusing on identification of its benefits or advantages as well efficient best practices for MSMEs. Available material on the effectiveness or impact of using this powerful channel of e-marketing in the marketing activities of MSMEs has been studied in the Indian context to present a concrete view on the study undergone for the benefit of future research on this phenomenal topic of interest.

The paper highlights the best practices in applying the e-marketing methods in the MSMEs business in order to gain advantages over conventional traditional marketing followed by MSMEs sector over the years.

The paper concludes that e-marketing is one of the highly beneficial and effective channels of marketing today to local businesses especially to MSMEs in India.

Keywords: E-Marketing, MSMEs, Benefits of E-Marketing

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#### Introduction

Marketing is an important function in the existence of every business or a company irrespective of the industry it finds itself. The concept of marketing since ages has been around in one form or another. Since the day when human beings first started trading or doing business, marketing was there in one or other form. However, the methods of marketing have changed as the time changes with a lot of improvements in the way the marketing is done. Lately businesses have become a lot more efficient in reaching out to consumers or customers and thereby successfully transmitting marketing messages to target markets and consumers.

In general, the concept of marketing has an objective to target an audience appropriately through a series of activities. Marketing creates awareness with regard to various needs of customers / consumers. The activities involved in marketing are diverse, and from a marketing point of view they are classified as separate tools which results in benefits to business entities. In spite of the different

marketing tools which are commonly used by businesses or companies, this study focuses on the usage of electronic marketing (e-marketing) in Micro, Small and Medium Enterprises (MSMEs).

All over the world, Small and Medium Enterprises (SMEs) have been recognized as important contributors in the economic growth and development of many countries. Small businesses that are focused on growth are major contributors to economic development and avenues for employment generation within local communities and national economies (Smallbone and Wyr, 2000). SMEs contribute substantially to national economies (Poon and Swatman, 1999) and are estimated to account for 80 per cent of global economic growth (Jutla, Bodorik, and Dhaliqal, 2002).

MSME's today play an important role in the businesses because of their presence in all sectors of industry. In the last two decades, new opportunities are evolved for most MSMEs in both their domestic and international markets and it is inevitable for MSMEs to strategize themselves to take advantage of such opportunities. The significant role of MSMEs in the economic development of their country makes it important to highlight how marketing tools in general and electronic marketing tools specifically can effectively affect or influence their operations to enable them to grow and become stronger in the approach to reach-out to market with their products or services.

E-marketing plays a significant role in improving business volumes to companies and the advent of internet has proven to become a platform for success across spectrum of enterprises and industries. The electronic marketing itself has transformed significantly over the past decade, and its function and applicability has moved from its basic use to a more advanced level. This study recognizes this change and diversified usage of this powerful tool especially in the growth of MSMEs in India and considers its influence in order to formally examine the overall significance of the e- marketing tools for MSMEs and other potential start-ups aiming at entering into various business ventures.

E-Marketing comes as a result of the business communication happening everyday in business using modern communication technologies and the age-old marketing communication methods that humans have always applied. E-Marketing creates a platform for businesses to market their products or services with Internet as a medium. This medium includes emailing, websites, online banners, portals, blogs, directories and recently social media network sites. The internet enables business owners to automate nearly all of their business management functions. That means that, E-Marketing capabilities are taking care of the day-to-day tasks of small business owners and their employees would normally be engaged in.

By extension, E-Marketing serves the business owners of MSMEs as an important option for meeting the needs of customers. Many small business owners want to expand their business and establish contacts with prospects but do not know how. In spite of the many benefits of the internet in marketing, some companies that are willing to engage in e-marketing activities do not want to spend extra effort on internet platforms as they are skeptical about its efficiency. However, it must be emphasized that, the internet equips owners of MSMEs to quickly and effectively stay in contact with their prospects and current customers easily as compared to traditional forms of marketing.

Also, through the use of the internet, small business owners are able to design follow-up tools in an E-Marketing system. In this modern age of business, an e-marketing platform ensures business contacts, improves company brand and image and ensures the competitiveness of companies. This is because E-Marketing enhances companies selling abilities and encourages more people to do business with them.

E-marketing is rapidly becoming the preferred choice of global businesses and considering how widely it is being used today by business in different sectors or industries attest to its reliability and efficiency. E-marketing provides MSMEs with a platform where they can explore business

opportunities. This platform equips and enables MSMEs to position themselves to take advantage of greater opportunities and growth.

### **MSME Sector of India: Overview**

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. They have unique advantages due to their size; they have comparatively high labor-capital ratio; they need a shorter gestation period; they focus on relatively smaller markets; they need lower investments; they ensure a more equitable distribution of national income; they facilitate an effective mobilization of resources of capital and skills which might otherwise remain unutilized; and they stimulate the growth of industrial entrepreneurship. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. It complements large industries as ancillary units and contributes enormously to the socioeconomic development of the country. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the MSME sector which can help realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022 (Priyadarshani Zanjurne 2018)

### **The importance of E-Marketing to MSMEs:**

There is tremendous potential for MSMEs to harness the power of the e-marketing to improve their productivity and sharpen their competitive edge in both local and international markets (Chatterjee and Sambamurthy, 1999). The use of e-marketing technology presents a unique opportunity for MSMEs to participate in electronic commerce and to extend their capabilities and grow in a global market. Lymer et al (1997) argue that Internet use is becoming increasingly important as a mechanism to increase productivity, reduce costs and facilitates flexibility in MSMEs business. The e-marketing provides global connectivity based on non-proprietary technology. It allows MSMEs to access global markets, foster relationships from a business-to-business perspective and capture new customers and suppliers. It is easy to access the World Wide Web using low-cost browser software, and it is a relatively low-cost information technology infrastructure. This enables MSMEs to be involved in electronic commerce technologies most appropriate to their business requirements (Chatterjee and Sambamurthy, 1999).

This participation is possible due to the absence of barriers to entry (Poon and Swatman 1998). It is argued that the Internet tears down boundaries of time and space, enabling smaller firms to create entirely new businesses and reach markets they never could have reach before (Quelch and Klein 1996). This opportunity for global reach is being enthusiastically embraced by small and medium sized firms as evidenced by O'Connor and O'Keefe (1997) who found that MSMEs are firstly building web sites to attract new customers, to maintain and strengthen relationships with current suppliers and customers through increased interaction. The Internet global reach and its range of services (e.g. information dissemination, interactive communication, and transactional support) make it a potentially powerful business resource (Chatterjee and Sambamurthy). The Internet presents an arena in which small companies can create an electronic marketing strategy that can enable them to compete effectively against large companies.

Despite the unprecedented growth in the use of the e-marketing by organizations, there are some unresolved issues that have accompanied the growth of the e-marketing such as security of information and legal issues (Clarke, 1996). Added to these are technology problems such as the lack of standards and overloaded communication lines (Auger and Gallaugher, 1997), resulting in inaccessibility of sites and sources of information and poor response times (Vadapalli and Ramamurthy, 1997).

#### **E-Marketing Methods:**

- 1) **Website:** Creation of firm's website which showcases the profile and products/services information of the firm. Enhances the information reach about the firm's products or services to prospects across the world. It serves as the 24x7 marketing platform or a show-room for buyers to locate the firm's information source and contact.
- 2) **Search Engine Optimization (SEO) and Search engine marketing (SEM):** SEO and SEM enables the business enterprises to optimize their reach in the search engines whenever any prospect is searching for the products or services of business enterprises. SEO and SEM have proven to be an effective audience acquisition strategy to acquire customers. Unlike traditional online advertising, advertisers in SEM pay only when users actually click on an ad. When successfully implemented (Chaffey et al., 2006). Most online advertising campaigns have two main objectives- brand development and direct response. Which has a two types:- 1 Pay-Per Click 2 Search Engine Optimization(SEO).
- 3) **E-Mail Marketing:** - Email marketing is the new way of communication with prospects or customers related to business unlike the traditional communication which was happening through letters and other modes. Email marketing not only enable business enterprises to communicate with their prospects or customers effectively but it enables them to constantly market the products and services of business enterprises through mass mailing, electronic newsletters etc.,
- 4) **Banner Advertisement:** - E-banners are the advertisements on web pages. In the traditional marketing the advertisements of business enterprises are given through print media, hoardings etc., and the e-banner is one the e-marketing tools to advertise the products or services of business enterprises through various web pages which will be linked to advertiser's websites.
- 5) **Blog Market:-** Blog marketing is the process of reaching a business prospects through the use of a blog . Blog market is an act of positioning comments, expressing opinions or making announcement in a discussion forum and can be accomplished either by hosting your own blog or by posting comments and URL in other blogs related to your product or service online. Blog marketing may also help improve a Website's rankings in search results and is often used for search engine optimization (SEO) purposes.
- 6) **B2B portals:-** B2B portals have set a new paradigm of competitiveness in the business world and it is the new age business model of the ever-changing business world. Some of the large scale suppliers and buyers are heavily betting on it. With this boom in e-commerce and internet marketing, online Business-to-Business (B2B) portals and marketplaces are becoming much more prevalent. These B2B portals act as a bridge between buyers and sellers, importers and exporters, and offer them a common platform availing a bundle of some most useful services. No matter whether you are an exporter or importer, manufacturer or service provider, these online portals offer readymade lists of exporter and importers to help you quickly locate the exact item or company you are looking for.
- 7) **Social-Media:** With the growth of Internet and smartphone penetration in India, The Social Media is touching large section of the society in many ways. The Social Media's adoption led by Facebook, Twitter and LinkedIn offers tremendous power to the marketers to do precise targeting in a very cost efficient way. The best part of these platforms is they offer excellent

reporting and analytics thus helping the executor to stay on top of campaign performance and take appropriate timely decisions to make the campaign more effective and result oriented.

### **Benefits of doing e-marketing:**

“Internet is the world’s least expensive and most efficient marketing tool which helps companies of all sizes from all parts of the world disseminate sales and marketing messages, create one-to-one relationships, educate prospects, and support existing customers on a worldwide scale” (Daniel 1998, 40). Doing marketing on the Internet, companies can have many benefits based on those features that the environment of Internet provides; following are the typical benefits for doing e-marketing to both companies and customers.

#### **Cost effectiveness**

It is believed that doing e-marketing is less expensive than doing traditional marketing. Because the new companies who want to do business over the Internet don’t need to spend money to open new office or show-room or work-space for selling products or services. In addition, both new and existing companies can reduce some costs for their firms such as the cost of printing the brochures, leaflets, or catalogue for introducing new products to the market. Moreover, most of services and communication are done over the Internet, so companies can decrease the number of staff in some departments, as the result they can lower the overhead costs. If companies can sell products directly to customers, they don’t need the middle men and can save money for that. Some companies can also cut the cost of warehouse and inventory, because they just need to make an order from the suppliers when there are customers who order the products from their websites.

#### **Worldwide reach and access**

The age of information technology enables people to access the websites if they have Internet connection, no matter where they live in the world. This feature becomes an advantage for companies who do business online and do e-marketing as such. Through that the audience can know the information about companies, their products, making the purchase or creating the contact with one another, and so on. Companies can launch a marketing campaign over the Internet, people from any part of the world can see it if they access to the website. Having the website over the Internet can bring the chance for companies to have more potential customers than in offline marketing, because the market now is extended, and also get more chance to increase the sales. Customers can freely stay or leave your sites. It not only provides the chance for companies to have “business to customer” relationship but also open a chance to have new relationships between business and business together.

#### **Time**

People can get access into your companies’ website all the time in 24 hours a day and 7 days of the week. E-marketing has the advantage that it has auto responders, email, and frequently asked question (FAQ). It helps to save time for both customers who look for the answers in some common questions and time of the staff of companies. Companies’ staff instead can use the time intended for answering the same questions for doing other things, so they can work more efficiently.

#### **Space**

Companies have an unlimited space on the Internet to store information about their companies as well as the products and other necessary information, such as reports, videos and advertising banners, news, financial information and so on. The monthly money to host a website is cheap and companies can store as much information as they want.

### **Interactivity**

Marketing on the Internet can create more interactivity between companies and customers. People can give feedback about products and services by posting comment on the sites. They can ask questions and get the answers quickly or immediately from companies' staffs or from other visitors. Through a website people can focus on the specific information they want to see, rather than the general information from the television which advertises about companies and products. Companies can also conduct surveys on their websites to know more about their customers as well as the prospects.

For example, companies want to know who visit the websites, what kind of information they are looking for, what interest them and what kind of products they like, dislike, and the reasons. If the website it has a community chat, it can see the response from customers about the products they have bought. Customers can give feedback about products' quality as well as services of companies, below product descriptions. It is a good base for those who want to buy the similar products from companies later, and also provides a good chance for companies to have more sales if their products and services make customers satisfied. In online marketing customers can compare the products and prices between different companies before making a purchase decision.

### **Value addition**

Updating information in traditional marketing can be costly. However, in e-marketing information can be updated frequently as much as companies want without any cost. They can introduce new products or services new offers to customers by writing information, post the digital pictures, videos on their websites, and so on. Companies can add value to customers by sending e-mails to them about the new products or services if they wish, or when there is the time for discounting the cost of delivery, or offer better price if they buy online, etc. Internet provides the equal competitive environment for all companies, no matter how big or small they are, because what customers interest more than companies' size are the good products with the attractive prices.

### **Why MSME Businesses Should Use E-marketing Platform:**

In a country like India where the Micro Small and Medium Enterprises (MSMEs) are playing a pivotal role in the growth of country's GDP, the manufacturer or a services provider is always dragged to its limit, making it hard to survive in the market. In small cities where the business is bound to their cities only the seller can earn only from the city customers & in case if he wishes to sell it to metropolitan cities he has to rely on the middlemen who exploit them to make a huge profit. By using the existing e-marketing platform MSMEs can directly connect with the consumer from any place. Online market offer a plethora of opportunities for MSME's whether it's a self-employed micro/small business or medium size business, there is a room for everyone and all can get benefits from it.

YES it is possible with the help of E-Marketing business you can get it all. Now a days there are number of online portals available to sell the product online, famous portals like Flipkart, Ebay, Amazon, Snapdeal and so many others for B2C and IndiaMart, TradeIndia, Suleka and so many others for B2B. You also have a choice to start your own website and start selling directly from your portal but that will involve an investment and you will need to promote your website. The best way is to get linked up with existing portals which already has a global reach, this way people will get to know about your company better.

Selling online has a number of advantages over selling by conventional methods. Here are some benefits that you get from online market that none other market can provide.

#### **1) Lower set up and running costs than an offline businesses**

The cost of actually setting up an e-commerce website is lower than that of offline businesses. You don't need to rent high street premises, pay shop assistants or answer a lot of pre-sales queries.

The whole sales system for your business is automated online. You will therefore save on staff, wages and other business costs, which are usually an expense such as electricity, rent and overhead costs.

## 2) The business can be operated globally

E-commerce websites reduce any geographical restrictions you would normally face with an office based business. You can be anywhere around the world and still successfully oversee your e-commerce business.

## 3) 24\*7 Operation

Competing with larger businesses by being able to open 24 hours a day, seven days a week. With ecommerce websites you are not restricting your potential customers, as they can view your website at any time of day. This means as a business, you are maximizing your sales and profits.

## 4) Higher margins and better cash flow

If your business is involved and sells within the trade industry sector, a partnership e-commerce platform will allow you to sell at higher margins. The shopping cart and payment options on these websites also mean you are gaining a 100% payment from the customer straight away. This can also improve your cash flow.

These were some highlighted benefits that e-marketing offers the MSMEs to expand their business and increase the growth rate however there is more to it but that ones will know when they will taste the flavor of e-marketing.

## Conclusion:

In conclusion, it must be emphasized that the marketing on the e-marketing platform is important in the competitiveness of MSMEs in today's business. Due to the fact that the internet has permeated through all kinds of businesses irrespective of the industry, it is important for MSMEs to fully leverage on this powerful platform to extend their operations so as to grow and become global and competitive. The internet is relevant because of the minimal cost involved in brand promotion and marketing of product and services offered by a company electronically on the internet.

From this study, it is realized that e- marketing differs from traditional marketing tools; e-marketing tools enjoys many advantages such as relatively low cost, instantaneous communication, user friendly functions, wider coverage and well structured customer information and feedback, among others. These factors make it suitable for the marketing strategies of MSMEs, especially those that operate solely through internet as their marketing promotional tool.

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