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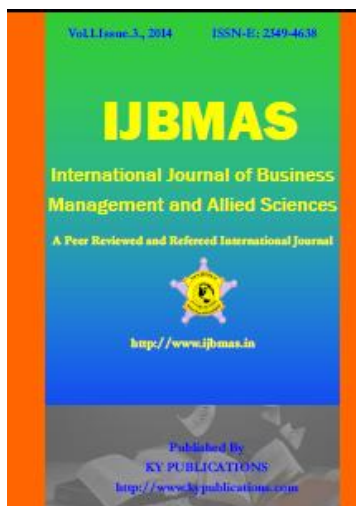
**MARKETING PRACTICES OF MICRO SMALL AND MEDIUM ENTERPRISES IN NELLORE  
DISTRICT: A SURVEY**

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**ABSTRACT**

The MSME sector has emerged as a highly vibrant and dynamic sector of the Indian economy for the last 8 years. This sector not only plays crucial role in providing large employment opportunities, but also industrializing the rural & backward areas with lower investment than large industries. It also reduces regional imbalances and assures more equitable distribution of national income and wealth. This sector is complementary to large industries as ancillary units contributes maximum to the socio-economic development of the country. But it fails to adopt new marketing practices and strategies to compete with large industries and many of the MSMEs are encountering serious marketing problems. A survey has been undertaken to study the marketing practices adopted by MSMEs in SPSR Nellore district of Andhra Pradesh, selecting a sample of 250 units. The survey has revealed that many of the units are conducting marketing surveys, producing products to satisfy their customers, their markets confine to local or regional level and adopting different pricing methods. Majority of entrepreneurs are facing problems like competition, inefficient sales force, inadequate sales promotion, customer's resistance, cost of advertisement, competition from large firms and import of foreign goods.

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**INTRODUCTION**

The prospects of Micro, Small and Medium Enterprises (MSMEs) or large industries depend upon how well they market their products in the day-to-day changing nature of competitive markets. So with the importance of marketing management in MSME sector increasing, we will come to know how their products are sold effectively in the markets.

Marketing is a dynamic process as it is highly situational. The marketing activity has undergone a radical change with the changing environmental conditions of business. The concept of marketing too has undergone a metamorphosis. Efficient marketing is essential for the well-being of the country. Efficiency and productivity of marketing are directly linked with the growth and development of the business as a whole. Marketing, when effectively performed, contributes to the higher living standards, greater national prosperity, and broader industrial expansion. Marketing is an essential input for the success of MSMEs which produce a wide range of products numbering over 7,500. Its management is a key factor in determining their success. In fact marketing makes a critical difference between success and failure of MSMEs. During the last three decades, marketers have moved from mass-market (few products / services with a limited number of options) to dynamic markets (many products / services with more options). At the time of traditional marketing, the customers were passive. But in the changing business environment (economic liberalization, increased competition, availability of more options, more emphasis of quality, enlightened and demanding customer etc.,) it becomes active. Companies have to move traditional marketing to modern marketing, which calls for more than developing a product, pricing it, promoting it, and making it accessible to target customers. The established framework of 4Ps (Product, Price, Place, and Promotion) is found to be inadequate to explain the complexities of the emerging scenario. After taking several postures, such as mass marketing, segmented marketing, and niche marketing, it is moving towards one-on-one marketing.

An attempt has been made to study the marketing practices adopted by MSMEs with particular reference to Nellore district of Andhra Pradesh. A sample of 250 MSMEs has been selected using Probability Proportional Sampling method covering all MSME sectors and all industrial categories in the district. Primary data is obtained from sample units using pre-structured schedule. The analysis of data is presented in the foregoing paragraphs. The category-wise and sector-wise MSME units in Nellore District are presented in Table 1.

The table reveals that total selected MSMEs in the district are 250. Out of 250 units, 49 percent are in micro sector, 31 percent in small sector, and 20 percent in medium sector. Out of 123 micro entrepreneurs 25 fall in agro based, 11 each in textiles based, mineral based and electronic based and plastic and rubber based, 7 in forest based, 6 in paper & printing based, 4 in chemical based, 20 in building materials and only 3 are miscellaneous. Out of 78 in small sector, 11 entrepreneur in agro based, 8 each textiles and forest based, 6 in mineral based, 5 each in paper & printing, electronic based, 3 in chemical based, 4 each plastic and rubber, miscellaneous, 12 each in building and engineering based industries. Out of 49 medium enterprises, 11 are formed in agro based, 2 each in textile, paper & printing, chemical and miscellaneous units, 3 each in mineral based and forest based, 6 in plastic and rubber based, 10 in building materials and 4 each in electronic based and engineering based.

Out of total sample units, 47 have food and agro, 21 each textile and plastic and rubber based, 20 each mineral and electronic based, 18 have forest based, 30 have paper & printing, 9 each in chemical and miscellaneous, 42 have building materials and 30 have engineering based industries. The Marketing objectives of MSME units are shown in Table 2.

The table indicates that 101 (40.40 percent) units have had the objective of achieving specified value of sales and 149 (59.60 percent) units have achieved the objective of customer satisfaction. In reaching the objective of specified value of sales, the agro units have 17 (36.17 percent) and the miscellaneous units only 3 (33.33 percent). In achieving the customer satisfaction, the agro units have 30 (out of 47) and the electronics based units only 4 (out of 20).

Details of conducting market survey by the MSME units are presented in Table 4. The table shows that 172 (68.80 percent) units have conducted market survey and 78 (31.20 percent) units have not undertaken any market survey. The agro based units rank highest with 34 (72.34 percent) out of 47, and miscellaneous units rank lowest with 5 (56.56 percent) is conducting market survey. The engineering based units (highest 17) and the forest based units (lowest only 1) is not undertaking any market survey. It is concluded that viewed as a whole, majority of the MSME units 172 (68.80 percent) have conduct market survey.

While fixing the price of the product, generally certain objectives are taken into consideration by the enterprises. The pricing objectives of the MSME units are presented in Table 5. It reveals that 78 (31.20

percent) units have pricing objectives of market penetration, 47 units (19.60 percent) have market skimming, 39 (15.60 percent) current revenue maximizing, 43 (17.20 percent) target profit, 25 (10.00 percent) units on promotion and 16 (6.40 percent) on no no-profit-no-loss objective. Majority of the MSMEs are having an objective of market penetration.

The agro based units registered highest with 16 units and textile, paper & printing, miscellaneous units lowest with 3 each having the objective of market penetration. The agro based units had the highest of 13 and forest based units with lowest only 1 under the market skimming category. The building materials units stand highest at 13 and the paper and printing units have the lowest with 3 in the maximizing current revenue category. The building materials units are highest with 11 and miscellaneous units the lowest with 1 show under target profit. Out of 25 units under the category of promotion, the textile based units highest with 4 and agro based, chemical based and miscellaneous units having lowest with 2. The engineering based units highest with 8 and textile, plastic and rubber, electronic based and miscellaneous having the lowest with 1 each fall under no-profit-no-loss category.

The distribution channels followed by the MSMEs are shown in Table 6. It table indicates that 104 (41.60 percent) sample units are selling the product directly to the consumers, 103 (41.20) percent units through commission agents and 43 (17.20 percent) units through whole sellers, and or, retailers to distribute their products in selling their products direct to consumers. The agro based units score the highest 27 and the paper & printing units the lowest only 2 in selling through commission agents. The engineering based are highest 30 and chemical, miscellaneous units the lowest with 9 each in selling through whole sellers or retailers.

The agro based units show highest with 9 and the forest based units lowest with only 1. It shows that 81 (32.40 percent) MSME units are selling personally, 61 (24.40 percent) through mediators, 52 (20.80 percent) through foreign agencies, 14 (5.60 percent) through whole sellers, 6 each (2.40 per cent) retailers and franchising, 11 (4.40 per cent) through commission agents, 09 (3.60 per cent) through brokers and 10 (4.00 per cent) through others.

**Table 1: Category-wise MSMEs in Nellore District**

S. No.	Industrial Category	Micro	Small	Medium	Total
1	Food and agro based	25 (53.19)	11 (23.40)	11 (23.40)	47 (100)
2	Textile based	11 (52.38)	08 (38.10)	02 (9.52)	21 (100)
3	Mineral based	11 (55.00)	06 (30.00)	03 (15.00)	20 (100)
4	Forest based	07 (38.89)	08 (44.44)	03 (16.67)	18 (100)
5	Paper and printing based	06 (46.15)	05 (38.46)	02 (15.38)	13 (100)
6	Chemical based	04 (44.44)	03 (33.33)	02 (22.22)	09 (100)
7	Plastic and rubber based	11 (52.38)	04 (19.05)	06 (28.57)	21 (100)
8	Building materials	20 (47.62)	12 (28.57)	10 (23.81)	42 (100)
9	Engineering based	14 (46.67)	12 (40.00)	04 (13.33)	30 (100)
10	Electronics based	11 (55.00)	05 (25.00)	04 (20.00)	20 (100)
11	Miscellaneous units	03 (33.33)	04 (44.44)	02 (22.22)	09 (100)
	Total	123 (49.20)	78 (31.20)	49 (19.60)	250 (100.00)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey

**Table 2: Category-wise marketing objectives of MSME in Nellore district**

S. No	Industrial Category	Marketing objectives		Total
		Achieving specified value of sales	Satisfied consumer	
1	Food and agro based	17 (36.17)	30 (63.83)	47 (100)
2	Textile based	15 (71.43)	06 (28.57)	21 (100)
3	Mineral based	03 (15.00)	17 (85.00)	20 (100)
4	Forest based	04 (22.22)	14 (77.78)	18 (100)
5	Paper and printing based	08 (61.54)	05 (38.46)	13 (100)
6	Chemical based	03 (33.33)	06 (66.67)	09 (100)
7	Plastic and rubber based	08 (38.10)	13 (61.90)	21 (100)
8	Building materials	18 (42.86)	24 (57.14)	42 (100)
9	Engineering based	06 (20.00)	24 (80.00)	30 (100)
10	Electronics based	16 (80.00)	04 (20.00)	20 (100)
11	Miscellaneous units	03 (33.33)	06 (66.67)	09 (100)
<b>Total</b>		101 (40.40)	149 (59.60)	250 (100)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey**Table 3: Category & Area-wise selling of product by MSME in Nellore district**

S. No	Industrial Category	Product Sales				Total
		Local	Regional	National	International	
1	Food and agro based	13 (27.66)	32 (68.09)	02 (4.26)	00 (0.00)	47 (100)
2	Textile based	04 (19.05)	03 (14.29)	14 (66.67)	00 (0.00)	21 (100)
3	Mineral based	09 (45.00)	08 (40.00)	03 (15.00)	00 (0.00)	20 (100)
4	Forest based	06 (33.33)	10 (55.56)	01 (5.56)	01 (5.56)	18 (100)
5	Paper and printing based	03 (23.08)	09 (69.23)	00 (0.00)	01 (7.69)	13 (100)
6	Chemical based	00 (0.00)	06 (66.67)	03 (33.33)	00 (0.00)	09 (100)
7	Plastic and rubber based	05 (23.81)	11 (52.38)	05 (23.81)	00 (0.00)	21 (100)
8	Building materials	08 (19.05)	07 (16.67)	24 (57.14)	03 (7.14)	42 (100)
9	Engineering based	03 (10.00)	10 (33.33)	14 (46.67)	03 (10.00)	30 (100)
10	Electronics based	07 (35.00)	07 (35.00)	03 (15.00)	03 (15.00)	20 (100)
11	Miscellaneous units	00 (0.00)	06 (66.67)	03 (28.80)	00 (0.00)	09 (100)
<b>Total</b>		58 (23.20)	109 (43.60)	72 (28.80)	11 (4.40)	250 (100)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey

**Table 4: Category & Area-wise Market survey of MSME in Nellore district**

S. No	Industrial Category	Market survey		Total
		Conduct	Not Conduct	
1	Food and agro based	34 (72.34)	13 (27.66)	47 (100)
2	Textile based	12 (57.14)	09 (42.86)	21 (100)
3	Mineral based	17 (85.00)	03 (15.00)	20 (100)
4	Forest based	17 (94.44)	01 (5.56)	18 (100)
5	Paper and printing based	10 (76.92)	03 (23.08)	13 (100)
6	Chemical based	06 (66.67)	03 (33.33)	09 (100)
7	Plastic and rubber based	18 (85.71)	03 (14.29)	21 (100)
8	Building materials	28 (66.67)	14 (33.33)	42 (100)
9	Engineering based	13 (43.33)	17 (56.67)	30 (100)
10	Electronics based	12 (60.00)	08 (40.00)	20 (100)
11	Miscellaneous units	05 (55.56)	04 (44.44)	09 (100)
Total		172 (68.80)	78 (31.20)	250 (100)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey**Table 5: Category -wise Pricing objectives of MSME in Nellore district**

S. No	Industrial Category	Pricing objectives						Total
		Market penetration	Market skimming	Current revenue maximizing	Target profit	Promotional	No profit no loss	
1	Food and agro based	16 (34.04)	13 (27.66)	07 (14.89)	05 (10.64)	02 (4.26)	04 (8.51)	47 (100)
2	Textile based	03 (14.29)	03 (14.29)	08 (38.10)	02 (9.52)	04 (19.05)	01 (4.76)	21 (100)
3	Mineral based	04 (20.00)	07 (35.00)	04 (20.00)	02 (10.00)	03 (15.00)	00 (0.00)	20 (100)
4	Forest based	05 (27.78)	01 (5.56)	04 (22.22)	05 (27.78)	03 (16.67)	00 (0.00)	18 (100)
5	Paper and printing based	03 (23.08)	00 (0.00)	03 (23.08)	04 (30.77)	03 (23.08)	00 (0.00)	13 (100)
6	Chemical based	05 (55.56)	02 (22.22)	00 (0.00)	00 (0.00)	02 (22.22)	00 (0.00)	09 (100)
7	Plastic and rubber based	10 (47.62)	02 (9.52)	00 (0.00)	05 (23.81)	03 (14.29)	01 (4.76)	21 (100)
8	Building materials	10 (23.81)	05 (11.90)	13 (30.95)	11 (26.19)	03 (7.14)	00 (0.00)	42 (100)
9	Engineering based	09 (30.00)	05 (16.67)	00 (0.00)	08 (26.67)	00 (0.00)	08 (26.67)	30 (100)
10	Electronics based	10 (50.00)	09 (45.00)	00 (0.00)	00 (0.00)	00 (0.00)	01 (5.00)	47 (100)
11	Miscellaneous units	03 (33.33)	02 (22.22)	00 (0.00)	01 (11.11)	02 (22.22)	01 (11.11)	9 (100)
Total		78 (31.20)	49 (19.60)	39 (15.60)	43 (17.20)	25 (10.00)	16 (6.40)	250 (100)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey

Table 6: Division-wise Distribution channels of MSME in Nellore district

S.NO	Category	Distribution channels			Total
		Direct consumers	To commission agents	Whole sellers & retailers	
1.	Food and agro based	27 (57.45)	11 (23.40)	09 (19.15)	47 (100)
2.	Textile based	06 (28.57)	13 (61.90)	02 (9.52)	21 (100)
3.	Mineral based	10 (50.00)	08 (40.00)	02 (10.00)	20 (100)
4.	Forest based	10 (55.56)	07 (38.89)	01 (5.56)	18 (100)
5.	Paper and printing based	02 (15.38)	06 (46.15)	05 (38.46)	13 (100)
6.	Chemical based	00 (0.00)	02 (22.22)	07 (77.78)	09 (100)
7.	Plastic and rubber based	04 (19.05)	13 (61.90)	04 (19.05)	21 (100)
8.	Building materials	20 (47.62)	16 (38.10)	06 (14.29)	42 (100)
9.	Engineering based	12 (40.00)	18 (60.00)	00 (0.00)	30 (100)
10.	Electronics based	10 (50.00)	07 (35.00)	03 (15.00)	20 (100)
11	Miscellaneous units	03 (33.33)	02 (22.22)	04 (44.44)	09 (100)
	Total	104 (41.60)	103 (41.20)	43 (17.20)	250 (100)

**Note:** Figures in parenthesis represent the percentages, **Source:** Field Survey

Table 7 shows that 81 (32.40 percent) of MSME units are selling personally, 61 (24.40 percent) through mediators, 52 (20.80 percent) through foreign agencies, 14 (5.60 percent) through wholesalers, 6 each (2.40 per cent) of retailers and franchising, 11(4.40 per cent) through commission agents, 9 (3.60 per cent) through brokers and 10 (4 per cent) through others. The agro units had highest 18 and the miscellaneous lowest with 1 in personal selling. The agro based units are highest with 16 and forest based unites lowest with 1 in selling through mediators. The textile based units show highest with 11 and plastic and rubber, agro, miscellaneous units lowest with 2 each through foreign agencies. The plastic and rubber units had highest with 3 and agro, paper & printing, electronic based units lowest with 1 in retail. The forest based and engineering based units 3 each through franchising (out of 6). The agro based and engineering based units showed highest with 3 and building materials units in lowest with 1. The agro, building materials units, electronic based units are highest with 2 and chemical based and miscellaneous 1 each and others 2. The above table clearly indicates that 32.40 percent entrepreneurs market their products personally. The different marketing problems encountered by MSME in Nellore district are analysed in Table 8.

Table 7: Category-wise selling methods of enterprises of MSME in Nellore district

S. No.	Industry category	Method of selling									Total
		Persona l selling	Through mediators	Foreign agencies	Whole -salers	Retailer s	Franchising	Commission agents	Brokers	Others	
1	Food and agro based	18 (38.30)	16 (34.04)	02 (4.26)	01 (2.13)	01 (2.13)	00 (0.00)	04 (8.51)	03 (6.38)	02 (4.26)	47 (100)
2	Textile based	03 (14.29)	03 (14.29)	11 (52.38)	02 (9.52)	00 (0.00)	00 (0.00)	02 (9.52)	00 (0.00)	00 (0.00)	21 (100)
3	Mineral based	08 (40.00)	07 (35.00)	03 (15.00)	00 (0.00)	00 (0.00)	00 (0.00)	00 (0.00)	02 (10.00)	00 (0.00)	20 (100)
4	Forest based	05 (27.78)	01 (5.56)	06 (33.33)	01 (5.56)	00 (0.00)	03 (16.67)	02 (11.11)	00 (0.00)	00 (0.00)	18 (100)

5	Paper and printing based	02 (15.38)	03 (23.08)	05 (38.46)	02 (15.38)	01 (7.69)	00 (0.00)	00 (0.00)	00 (0.00)	00 (0.00)	13 (100)
6	Chemical based	03 (33.33)	03 (33.33)	00 (0.00)	02 (22.22)	00 (0.00)	00 (0.00)	00 (0.00)	00 (0.00)	01 (11.11)	09 (100)
7	Plastic and rubber based	03 (14.29)	11 (52.38)	02 (9.52)	02 (9.52)	03 (14.29)	00 (0.00)	00 (0.00)	00 (0.00)	00 (0.00)	21 (100)
8	Building materials	20 (47.62)	05 (11.90)	10 (23.81)	01 (2.38)	00 (0.00)	00 (0.00)	03 (7.14)	01 (2.38)	02 (4.76)	42 (100)
9	Engineering based	10 (33.33)	07 (23.33)	04 (13.33)	01 (3.33)	00 (0.00)	03 (10.00)	00 (0.00)	03 (10.00)	02 (6.67)	30 (100)
10	Electronics based	08 (40.00)	02 (10.00)	07 (35.00)	00 (0.00)	01 (5.00)	00 (0.00)	00 (0.00)	00 (0.00)	02 (10.00)	20 (100)
11	Miscellaneous units	01 (11.11)	03 (33.33)	02 (22.22)	02 (22.22)	00 (0.00)	00 (0.00)	00 (0.00)	00 (0.00)	01 (11.11)	09 (100)
Total		81 (32.40)	61 (24.40)	52 (20.80)	14 (5.60)	06 (2.40)	06 (2.40)	11 (4.40)	09 (3.60)	10 (4.00)	250 (100)

**Note:** Figures in parenthesis represent the percentages. **Source:** Field Survey

**Table 8: Marketing problems encountered by MSME units in Nellore District**

S.NO	Types of problems	Very Serious	Serious	Not Serious
1.	Competition reaction	56 (22.40)	165 (66.00)	29 (11.60)
2.	Inefficient sales force	41 (16.40)	138 (55.20)	71 (28.40)
3.	High cost of Marketing	47 (18.80)	57 (22.80)	146 (58.40)
4.	Inadequate sales promotion	25 (10.00)	115 (46.00)	110 (44.00)
5.	Customers resistance	45 (18.00)	127 (50.80)	78 (31.20)
6.	Inferior quality	43 (17.20)	88 (35.20)	116 (46.40)
7.	Ineffective after sales service	24 (9.60)	131 (52.40)	95 (38.00)
8.	Untimely introduction of production	24 (9.60)	99 (39.60)	127 (50.80)
9.	High cost of advertisement	86 (34.40)	118 (47.20)	46 (18.40)
10.	From large enterprises competition	22 (8.80)	121 (48.40)	107 (42.80)
11.	Competition from import foreign goods	24 (9.60)	105 (42.00)	121 (48.40)

**Note:** Figures in parenthesis represent the percentages

**Source:** Field Survey

The above table depicts that out of 250 selected units, 22 percent have very serious problem, 66 percent serious, and 12 per cent not serious problem of competition. Inefficient sales force is very serious in 16 percent of the units, 55 percent have serious and 28 are not serious. Out of the total, 19 percent had very serious problems of high cost of marketing and 23 percent serious and 58 percent are not serious. The problem of inadequate sales promotion is very serious in 10 per cent of the units and 46 percent serious and 44.00 percent are not serious. Out of total, 18 percent units face very serious problem of customers' resistance, 51 percent serious and 31percent are not serious. The problem of inferior quality is very serious in

17 percent of units, in 35 percent serious and 46 have not serious. Out of total, 10 percent had very serious problem of ineffective after sales service, 52 percent serious, and 38 percent are not serious. The problem of untimely introduction of production is faced very seriously by 10 percent units, 40 percent serious, and 51 percent are not serious. High cost of advertisement problem is very serious in 86 (34.40 percent) units, 118 (47.20 percent) serious, and not serious in 46 (18.40 Percent) units. Out of total, 22 units are facing very serious problem from large enterprises' competition, 121 units serious, and 107 units are not serious. The competition from import foreign goods is very serious in 9.60 percent units, 22 percent serious and 48 percent are not serious.

### **CONCLUSIONS**

It can be concluded from the survey that MSMEs are showing very much impressive progress in all respects. Majority of MSME units are having an objective of satisfying their customers instead of improving their sales value and their sales also confined to local and regional areas only. These enterprises are conducting surveys successfully for launching their products and many of them adopting market penetrate an objective of pricing to place their products in rural areas. Most of the units are selling products directly to customers and through the commission agents. Majority of entrepreneurs are facing serious problems like Competition, Inefficient sales force, Inadequate sales promotion, Customers resistance, Ineffective after sales service, Untimely introduction of production, cost of advertisement, competition from large firms and import of foreign goods. If these problems are sorted out, the MSMEs may flourish in future.

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