

Internet marketing trends and Indian SMEs

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Abstract

The Micro- Small and Medium Enterprises (MSMEs) are small sized entities, defined in terms of their size of investment. They are contributing significantly to output, employment, export etc. in the economy. They render an important role in the economy by facilitating employment to a large number of people, contributing to exports, raising manufacturing sector production and extending support to bigger industries by supplying raw material, basic goods, finished parts and components, etc. This leads to increase in the national income and thereby per capita income. SME'S are found at rural areas, where rural people uses their resource to produce output. This paper presents the importance of internet marketing in the field of SME and advantages of internet marketing by SME's. SME'S can perform their activities throughout world if the internet marketing adopted in their activities. Internet marketing increases the productivity of SME'S. With online users growing in India most of SME's have realized the importance of internet technology in their daily marketing life. In recent trends in India says that internet users grows at increasing rate. So this is vital opportunity to SME's to take steps towards internet marketing and promote their sales

Keywords: Economy, Employment, Internet Marketing, Investment

1. Introduction

Small and Medium Enterprises (SMEs) are said to be the backbone of India's economy. SMEs are the engine of economic development of India, which creates jobs and reduces poverty. SMEs sector in India contributed more than 17% to the GDP of the nation in the year 2014 and it adds over 1.3 million jobs per year. Small and Medium Enterprise (SMEs) play a pivotal role in Indian Economy with their contribution in industrial output, exports, employment and production for Indian and international market. Currently there are approximately 48 million SMEs operating in India and the sector employs around 40% of the country's labour. A Small Enterprise is one where in the investment in plant & machinery is between 25 lakh to 5 crore (10 lakh to 2 crore in case of service industry). A Medium Enterprise is one where in the investment in plant & machinery is between 5 crore to 10 crore (2 crore to 5 crore in case of service industry). The Internet marketing and E-Commerce sector in India is projected to cross USD 80 billion by 2020. It is changing the way SMEs operate in India. Internet marketing is becoming a hot topic in every business sector, and gradually plays a truly important

role in any company's multi-channel marketing strategy. Internet marketing is defined as the application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives. Online marketing is an activity of marketing which uses web services or internet for communication, advertising and sales promotion activities focused towards national and global consumers and business partners irrespective of national boundaries.

The MSMED Act, 2006 defines the Micro, Small and Medium Enterprises based (i) on the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of goods and (ii) on the investment in equipment for enterprises engaged in providing or rendering of Services.

The investment in plant and machinery is the original cost excluding land and building and other items specified by the Ministry of Small Scale Industries vide its notification no. S.O. 1722 (E) dated 05.10.2006.

The guidelines with regard to investment in plant and machinery or equipment as defined in the MSMED Act, 2006 are:

Table 1

Nature of activity of the Enterprise	Investment in plant and machinery excluding land and building for enterprises engaged in manufacturing or production, processing or preservation of goods	Investment in equipment excluding land and building for enterprises engaged in providing or rendering of services (loans up to Rs 1 crore)
Micro	Not exceeding Rs.25.00 Lakhs	Not exceeding Rs.10.00 Lakhs
Small	More than Rs.25.00 lakhs but does not exceed Rs.500.00 lakhs	More than Rs.10.00 lakhs but does not exceed Rs.200.00 lakhs
Medium	More than Rs.500.00 lakhs but does not exceed Rs.1000.00 lakhs	More than Rs.200.00 lakhs but does not exceed Rs.500.00 lakhs

The investment in plant and machinery is the original cost excluding land and building and other items specified by the Ministry of Small Scale Industries vide its notification.

1.1 Objective of this paper

Following are the objectives of the study:

1. To give an overview of Internet marketing and SMEs
2. To study the need of adapting Internet marketing
3. To study the challenges faced by SMEs while adapting Internet marketing

1.2 Research Methodology

This paper is theoretical modal based on the extensive research for which the secondary source of information has gathered. The sources include online publications, Books and journals. E-business has revolutionized the way companies do business. India has seen some dramatic changes in the way internet has affected the lives of the people. The online users in India doubled from 120 million users in 2011 to 278 million users in 2014. India stands on the cusp of dramatic growth in Internet and e-commerce activity. The traditional lifestyles of people have changed. Though the internet using population in India is low in terms of overall percentage of total population but, in absolute numbers it is very high. The future of Digital India looks promising with Government of India's 'India Digital Plan' 2019. The plan promises that 250k villages in India will have internet, all public places to have Wi-Fi and every Indian to have a smart phone device by 2019. This gives great opportunities for various e-commerce sites to reach this segment. The growing internet base, with more than 343 million internet users has a direct correlation to the growth of commerce and industry in the country. Many SMEs taking the E-Commerce route to establish themselves in the Indian market and are using internet as a marketing tool.

1.3 Why Internet marketing to be adopted by SMEs?

Traditional marketing media like newspapers, news websites, radios, and television are all about delivering a message for SMEs. Online marketing not only passes the message but also receives and exchanges perceptions and ideas in short span of time. In current scenario the situations has changed for SMEs in India and the challenges posed before the enterprises by business environment has become more competitive than before. In the age globalization, small firms engaged in exporting can also benefit from Internet marketing.

The traditional lifestyles of people have changed- Is your target audience still reading printed newspapers or magazines? Are they still watching that one popular show where the entire family gathers on a Sunday morning? So where are they then? On the world wide web- probably liking or sharing a post on face book, enquiring regarding finding accommodation on twitter, commenting on a movie review posted on a blog, repining an amazing dress design they saw on their pin board or watching an advertisement released on you tube.

1. Indian internet users have already crossed Cable and Satellite TV households. Not only are users increasing, the average time spent on the net.
2. The costs involved are less as compared to traditional media.

3. You are not dependent on an external medium – you are your own publisher. You thus have greater control over the content and timing.
4. It is fast. Gone are the days when you prepared months in advance to release an advertisement. Ads are now created within hours, sometimes minutes as well.
5. India is a young nation. More than half of its 1.2 billion people is aged below 25, and two-thirds below 35. 85% of young India is hooked on to some or more social networking sites.
6. The opportunity to manage your reputation is immense. You can respond to complaints in a timely manner, encourage people to talk about their good experiences with your company and keep an eye on what is being said about you in general.

1.4 Advantages of Internet marketing to SMEs in India:

1. Worldwide Trade

The Internet also provides new methods to improve customer services and is considered as the most cost-effective marketing tool as it reduces paper works and number of staff as well as by passes operating offices.

2. Efficiency and productivity gains

SMEs can bring efficiency in their operations by using internet marketing and also productivity gains.

3. Increasing information about the market and the customers (e-marketing)

Both SMEs as well as customers can get more and more information very easily and quickly through internet marketing.

4. Practical Businesses

As a result of e-commerce, business firms now have the capability to happen to virtual businesses. A virtual business is a modular organization of multiple individual business rigid connected via online computer technology.

5. Inferior search costs

The Internet is likely to carry about low search costs and high price transparency. When participant simply publish their prices on the Internet, it is possible to design search engines that will monitor prices across different websites. The Internet not only brings different image to all the elements of the marketing mix but has brought a new way to approach potential customers in a very interesting, creative and cost effective way as well.

6. Effects on environment

Online sales are not only saving a huge amount of money by reducing storeoperating costs but also decrease remarkably the fuel consumption needed for traditional sales that contribute a lot to the environment protection program.

1.5 Challenges in adoption of Internet marketing by SMEs:

Some of the challenges that SMEs faces in adopting internet marketing are found to be:

1. Trust and Security threats.
2. Lack of training.
3. Inadequate technology skills.

4. Slow adoption of Internet Technologies.
5. High initial investment in Internet Technologies.
6. Lack of awareness about online marketing among SMEs operating from rural areas.
7. Government inability in funding and providing training to SMEs.
8. Economic return on investment in internet technology
9. Lack of interest in internet based applications and sales systems among a large number of SMEs
10. ICT skills gap

2. Conclusion

With online users growing in India most SMEs have realized the importance of internet technology in their daily marketing agendas and they heavily use tech solutions for our marketing efforts. Lots of businesses that don't use the Internet as a marketing channel will fall behind and this is not going to be good for business. It is imperative for all SEs to have ICT friendly communications and responsive websites is the very first step in this direction. SMEs should understand the value that the Internet offers to them, providing interactive opportunities to connect with current customers and attract new consumers. As the Internet evolves, businesses will continue to refine their online marketing efforts, reaching a greater number of potential buyers than before.

3. References

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