

Marketing Strategy and Development of SME

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Abstract

SME sector was seriously affected by nearly three decades of separatist war between 1983 and 2009 in Sri Lanka and post war environment contains destruction of infrastructure, poverty, regional imbalance, low income, poor education, psychological effects on society and women headed families. While war affected entire Sri Lanka, the Northern Province suffered the worst damage.

Keywords: Marketing strategy; Development of SMEs; Post war environment

Accepted on Jan 27, 2021

Introduction

Frontier market countries possess small market capitalizations, low annual turnover, market restrictions, inadequate infrastructure, instable government systems, extreme economic and political instability, weak human capital, and poor with economic growth. Sri Lanka is categorized under the frontier market by FTSE in 2014. Both combination of post war and frontier market condition with competitive, global, environmental and technological challenges creates a critical marketing situation for entrepreneurs in Northern Province (NP). SMEs in NP have captured 99% of enterprises, at the same time low and fluctuating gross domestic product (GDP) contribution of NP which displays poor performance of SMEs. Marketing of goods or services is the ultimate objectives and goals of organizations for all types of organizations.

Application of proper marketing strategies catches up the sustainable growth of organizations. Marketing strategy is a marketing logic and leads to achievement of marketing objectives of business units. Target market explains the area of opportunities, marketing strategy speaks about the target market and its marketing mix.

Effective marketing strategies reflect a rigorous understanding of competition and display greater sensitivity to the competitive nature of the market-place. The SME sector has been identified as an important strategic sector in the overall policy objectives of the Government of Sri Lanka (GOSL) and it is seen as a driver of change for inclusive economic growth, regional development, employment generation and poverty reduction.

Marketing strategy contributes for the developments of organization. Intelligent firms develop their business by applying proper marketing strategies, but impoverished firms fail to do so [6]. Therefore this paper aims to develop conceptual model proper marketing strategies and the

development of SMEs in Northern Province in postwar market. SMEs in Postwar Market SMEs play prominent role in any economy through employments generation, GDP contribution, embarking innovations and stimulation of other economic activities. In Sri Lanka, 80% of businesses are SMEs business and 35% employment opportunity is offered by the SMEs in 2012. In Sri Lanka the micro establishments are around 92% and generate employments only for 45%. SME sector is envisaged to contribute to transform lagging regions into emerging regions of prosperity. In the Northern Province 99% (micro 92.9%, small 6.4%, medium 0.6%) of business are under the SMEs sector. The three types of global marketplace are developed, emerging, and frontier market. Frontier market is a pre-emerging market; its economic characteristics are young and increasing educated populations.

These countries are in the earliest stage of development, growth can be explosive, and the profit potential is enormous, but ethnic unrest creates social risk and hard to reach customers, boycotts and strikes that interrupt the supply chain, getting good information can be difficult and it has lower capitalization and liquidity so the risk is too high. These markets have exciting potential and are worth considering if you can handle the risk [10]. After the 16 year civil war in Sri Lanka, in 2015 government had critical infrastructure projects, including road networks and electricity, further seven years after the end of a devastating civil war, fast development in infrastructure, free market opportunities and global linkages. In contrast Sri Lanka's Northern Province possesses the unsustainable strategy, young unemployment, poverty, low income.

Pilot study was made to identify the problems of 60 SMEs including 16 SMEs from Jaffna district, 14 from Killinochchi, 18 from Mullaitivu and 12 from Mannar in Northern Province. The answer from owner of SMEs different 54 problems was

identified, in these pools of problems 28 are marketing related problems and 26 are non-marketing related problems. These 28 problems are categorized in five categories. First category denotes the poor relationship with customers, intermediaries and to access raw materials, quality accreditation, patent right, training assistance, media, financial institutions, research institutes and higher educations. Second category contains, poor innovation in products, pricing system, promotion system and distribution. Third category is the poor competitive advantage activities in product, prices, promotions and distribution. Fourth category of problem explains inadequate and poor quality raw materials, raw material and output storage transportation problems and inappropriate outlets. Last category is the poor green marketing concern. Hence it is clear that SMEs in Northern Provinces have been facing complex environment and the struggling to grow up their performance.

At the same time SMEs have plentiful opportunities in the Northern Province [12]. There is needed to take a more targeted approach to reinvigorating the north. Application of blend of marketing strategies better deal with these problems in post war and risk in frontier market and enjoy superior performance and development in SMEs.

Significance of Study Day et al., conceive marketing strategy as marketing decisions and activities related to generating and sustaining competitive advantage. This marketing strategic conception ascertains some utility to SMEs in post war markets.

Jeanine and Harmeling described that understanding the marketing strategies is critical for the success, development and long term survival of organizations. This Marketing strategy concept proposes a roadmap to be followed to overcome their marketing problems by SMEs for successful marketing practice. This research, being the first of its kind, investigates the marketing strategies in SMEs in post war market situations. It also shows that new dimensions of marketing strategies to manage the risk of post war market variably influence in development of SMEs. Hence, this study and its findings can significantly contribute to the literature relating to marketing strategy towards the development of SMEs in the post war market. Further this study has attempted to identify both market strategy based on the problems and risk of SMEs and its components as relationship marketing strategy, competitive marketing strategy, diversification and green marketing strategy by using the literature and research models. In addition this research identifies the essential development factors in SMEs as financial, customer, employees and social perspectives. Finally this study has articulated passionate the new trend of theory to SMEs in this dynamic, competitive and ecological consideration in this world.

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