

MARKETING MIX STRATEGY MODEL FOR SMALL BUSINESSES IN KERALA USING ANP

ABSTRACT

In today's competitive world for small business to sustain in the market it is essential to devise and implement a clear marketing strategy that helps it to compete in the market. Majority of the small businesses in India do not sustain for more than two years and they fail mainly because of strategic bewilderment. But there are business units who endure the fierce competition in the market and sustain longer even with the limited resources they have. The paper is an attempt to develop a strategic marketing model of the successful small businesses in the state and to devise a marketing mix strategy using Analytical Network Process (ANP).

Keywords: Marketing strategy, Marketing mix strategy, Small business, ANP

1. Introduction

After liberalisation, privatisation and globalisation developing economies such as India opened up an optimistic milieu for setting up of new business ventures. Micro, small and medium enterprises emanated in large numbers through out the country with the support of government, banks and other agencies. These micro and small businesses are essentially owned and operated by individuals or group of people who are not formally trained or educated in running business and as a result, majority of them fail to sustain for more than two years. The studies in the area indicates that this mainly can be attributed to the less marketing activities they undertake or due to the absence of a specific marketing mix strategy. Selecting the best marketing mix is a Multi Criteria Decision Making (MCDM) problem and this paper is an attempt to use ANP to find out the best marketing mix strategy for the small businesses in Kerala.

2. Literature Review

Small businesses in India lack innovative marketing strategies and they need to set strategic goals making best use of the capabilities and resources. (Trivedi, 2013) Market focused small business who are able to stay close to their customers have a larger chance of survival than others who do not make efficient marketing strategy (Awan & Hashmi, 2014). A business firm that concentrates on marketing strategies ensures high financial performance (Boohene, Coast, Agyapong, & Asomaning, 2012). Research from various parts of the country shows that research on marketing strategy of the small business has not received much research attention. ANP can be effectively used as a MCDM technique to find out the best marketing strategy mix. ANP was developed by Thomas L Saaty in 1996. The technique is a generalized form of the AHP that takes into consideration the interdependence between variables. ANP is the most preferred modeling technique to obtain priorities and alternative mix (Gölcük & Baykaso, 2016).

3. Hypothesis / objectives

The study envisages the following objectives

1. Develop a strategic marketing model for small businesses in Kerala
2. Devise the best marketing mix strategy for the small business in Kerala

4. Research Design /Methodology

Successful small businesses in the state listed under the industries department are chosen for the study. The data required for the study is obtained from 70 business owners or managers using a specially designed questionnaire. They are asked to give their preferences of strategies on each of the critical areas. For making pairwise comparisons 1 – 9 fundamental scale given by Saaty, 1980 is employed. The information obtained is used to build an ANP model of strategy for small businesses in Kerala. The modeling is carried out using Super Decisions software. The overall ANP model is given in figure 1.

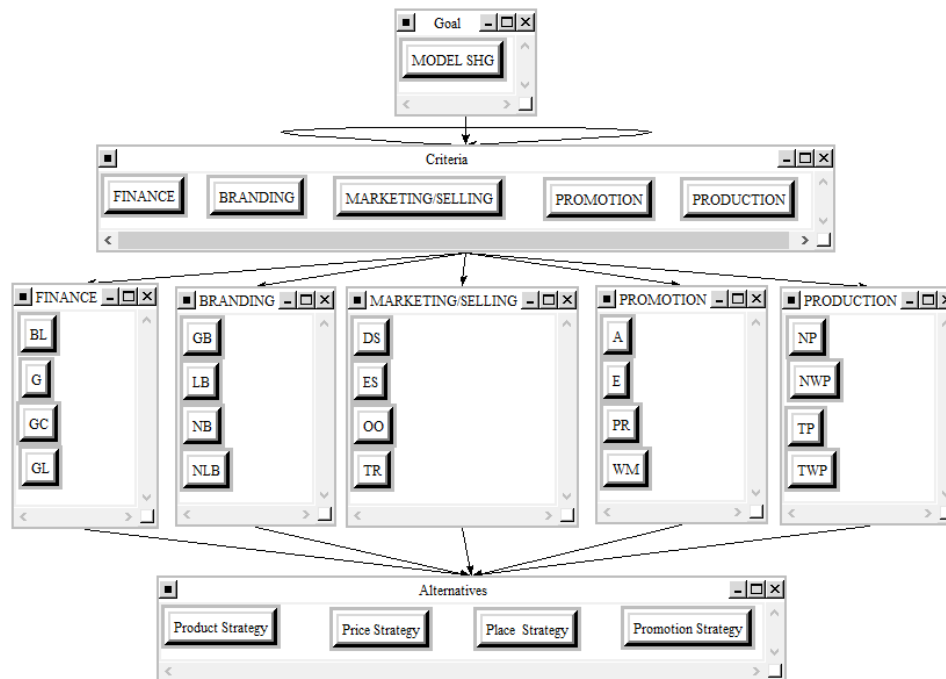


Figure 1: Overall ANP Model

The evaluation criteria, sub criteria and alternatives are identified from literature and based on the analytical insights from the interaction with the small business. Based on the responses obtained on the critical areas namely finance, selling, promotion, branding and production aspects pairwise comparisons on each of the critical areas are made. For each of the matrices thus obtained Consistency Ratio (CR) value is found to be less than 0.01. Based on the vectors obtained from pairwise comparisons unweighted Supermatrix is framed. To find the impact of each factor of the cluster on the other clusters weighted Supermatrix is formulated. To find out the influence of each element on the goal limiting matrix is formulated by multiplying weighted Supermatrix by itself. To check whether the model is stable with changes in input sensitivity analysis is performed. The sensitivity

graph shows that the price strategy has the highest priority even with the change in inputs.

5. Data/ Model Analysis

The priority for the alternatives in the network is provided by Super Decisions which is shown in table 1. Price strategy has the highest priority which is followed by place and product strategy. Promotion strategy has the lowest priority value.

Table 1: The Priorities of Alternatives

Name	Normal	Raw
Place strategy	0.278517	0.022497
Price strategy	0.468926	0.037878
Product strategy	0.150884	0.012188
Promotion strategy	0.101674	0.008213

6. Conclusion

In the paper the marketing mix strategies adopted by successful small businesses in Kerala has been analyzed using ANP technique. From the priorities obtained after ANP we can conclude that the marketing mix strategy of the successful small businesses in Kerala is 47% price strategy, 28% place strategy, 15% product strategy and 10% promotion strategy. The small businesses in Kerala can replicate the proposed marketing mix strategy model to sustain for a longer period in the market. This paper presents ANP as a beneficial technique for formulating marketing mix strategy.

7. Key References

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