

ONLINE MARKETING STRATEGIES OF SMES IN FMCG SECTOR – AN EMPIRICAL STUDY

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Abstract

It is quite difficult to adapt Online marketing Strategies of Small and Medium Enterprises in Tamilnadu to market their products. Using Online marketing Strategies and tools, small business owners could reach more customers and improve their business performance. Based on the qualitative multi-case study observed model, some of the SME owners in the FMCG industry to adopt Online marketing Strategies to market products in Tamilnadu. There were five different Small and Medium Enterprises in FMCG sector of Tamilnadu who adopted Online marketing Strategies to market their products. Data sources included semi-structured interviews, interview notes, and company documents like annual financial reports, meeting minutes, newsletters, and company journals attained by using the social networks, website hosting, payment method and an efficient infrastructure. A key recommendation is that small business owners embrace social media and host websites to market products to improve customer satisfaction and business performance. The implications for positive social change include the possibility for SME owners of FMCG companies to create jobs, provide social and welfare services and promote the economic development of regional communities.

Keyword: FMCG, Online Marketing, SME, Digital Technology, Economic Growth

Introduction

There are currently around 42.5 million SMEs in India (source: Economic Times) and of these, 43% use various internet platforms to sell and promote themselves. With the help of online retail stores, SMEs operating even in the most remote corners of the country can reach a national market. According to a Google-KPMG report, SMEs that use digital technology in their day-to-day operations and to sell are growing twice as fast as their offline counterparts. One of the main reasons is that broadband rates are among the cheapest in the world, and Internet connectivity has reached almost every corner of the country. By 2022, there will be 700 million smartphone users in the country. This presents a great opportunity for SMEs to reach their customers directly without middlemen and even without online retail stores in many cases. SMEs can sell products and services even using instant messaging applications like Instagram. Digital portals such as Government E-Marketplace enable SMEs to achieve economies of scale wherever they are. They can easily complete large government projects by listing their products and services on the portal. Previously, this facility was only available for much larger companies.

Problem Statement

SMEs often do not use e-commerce technologies and tools to reach more customers and attract more business opportunities (Nordman et al. 2020). One of the problems that SMEs face is the need to successfully sell and market products through Online (Holland and Leefmans, 2018). Despite the benefits that e-commerce can offer, the adoption rate is less than 2% of all SMEs (Alisimali et al., 2020). The general problem for businesses was that many SMEs avoided using e-commerce to market products because it was a source of additional costs for the business. The specific business problem was that some SME owners in the consumer goods sector did not have strategies to adopt e-commerce to market their products.

Research question

What strategies do some SME Sector owners in the FMCG sector using to adopt e-commerce to market products in Tamil Nadu?

Interview questions

1. What strategies have you used to adopt e-commerce to market your products?
2. What strategies have been most successful in adopting e-commerce to market your products?
3. What aspect of e-commerce do you frequently use to market your products?
4. What have been the main barriers to adopting e-commerce to market your products?

The experimenters formulated the following hypothesis:

1. There is a significant relationship between extroversion and exciting and outgoing brands.
2. There is a significant relationship between brand awareness and trusted brands.
3. There is a significant relationship between openness to experience and sociable, exciting and emotional brands.
4. There is a significant relationship between kindness and sincere brand.
5. There is a significant relationship between neuroticism and the trusted brands.

Significance of the study

Some Tamil Nadu based SME owners perceive the use of online marketing as an additional cost and cannot compete in the global market (Ahmad et al., 2015). The successful adoption of online marketing technologies could provide SME owners with an alternative online marketing strategy to compete in local and global markets (Alzahrani, 2019). The result of this study could help Tamil Nadu SME owners develop strategies that promote the use of online marketing tools and technologies within their respective companies to market their products and increase their profits. The implementation of online marketing by SMEs can contribute to increased incomes and economic growth in developing countries like India (Kwadwo et al., 2016). The adoption of e-commerce by SME owners in Tamil Nadu could help attract and retain new customers.

Literature Review

Social networks in e-commerce cross national borders and foster business-to-business collaboration and transactions in a rapidly growing market globalization. E-commerce capabilities in SMEs support social networks, which are platforms for business processes and the generation of trust in online transactions (Agarwal & Wu, 2018). However, one of the problems with social media for business owners is determining the effect of marketing strategies that are beneficial to them. According to Tajudeen, Jaafar and Ainin (2018), it is difficult for researchers and entrepreneurs to determine the return on investment of using social media. The business impact is linked to the effective control of the marketing tools used to improve customer acquisition and reach (Tafesse & Wien, 2018). As part of their strategic marketing strategy, business owners have a duty to assess and appreciate the importance of social media. Businesses in India and other developing countries therefore need social media aligned e-commerce to maximize the benefits of their business (Abed et al., 2015). It is essential to examine the factors affecting the adoption of e-commerce using social media in India. In addition, a review of barriers to e-commerce adoption in developing countries will help SME owners decide how to use social media to effectively build customer loyalty. Raymond Cattell made the first reduction of the words of Allport and Odbert into groups in 1943. For Cattell, the surface of this sphere would contain the individual terms described by Allport and Odbert, and by sampling this "surface of terms", the characteristics of basis could be determined. The first part of Cattell's classification system required the grouping of synonymous terms into a key term that produced 171 traits. Most of these traits were "pairs" of bipolar traits, such as friendly versus hostile or enthusiastic versus empathetic, however some traits were unipolar. The second part of the classification scheme was to create more simplified groupings of the 171 characters using cluster

analysis. Unfortunately, many of these factors could not be replicated in subsequent research, but the 35 Cattell groups were used as the basis for future factor analyzes. The oldest recorded and most accepted factor analysis of the 35 Cattell groups was performed by Tupes and Christal in 1961, but was not officially published in a psychological journal until 1992 (Tupes and Christal, 1992). The first study involved 790 male OCS graduates and divided the participants into groups of 25 to 30 applicants each. Members of each group got to know each other intimately and rated their flight mates on 30 of Catell's 35 traits. The other studies were similar, but the experience level of the observed participants varied. The aim was to see if similar relationships would be observed between individuals of different experience levels. The second study, for example, looked at applicants for officer positions rather than graduates. Each pair of Catell traits correlated with each other, and pairs that had high average correlations with each other were grouped together.

Obstacles to the adoption of Online Marketing in developing countries.

Perceptions of Online Marketing vary among consumers in developing countries. Researchers have identified many barriers to Online Marketing adoption in developing countries. Several researchers have recommended studying the relationship between certain types of barriers and the adoption of Online Marketing (Abiso and Ajagbe, 2018; Agwu and Murray, 2015; Alyoubi, 2015). Some barriers to Online Marketing adoption in developing countries such as India are poor logistics in information distribution, inadequate technology, and lack of credit cards (Agwu and Murray, 2015; Esmaeilpour, Hoseini and Jafarpour, 2016). Other factors affecting e Online Marketing adoption include an insufficient number of highly skilled and trusted online merchants, a complex legal system, Internet insecurity, and limited telecommunications transmission capacities (Al-Alawi et Al -Ali, 2015; Rahayu and Day, 2015). By understanding the barriers that affect Online Marketing adoption, small business owners could develop strategies to mitigate the barriers. SME entrepreneurs demand that governments create an enabling environment for the growth of Online Marketing. According to Hoque and Boateng (2017), developing countries often lack the physical, legal and economic infrastructure necessary for the growth of Online Marketing. Academic research indicates that Online Marketing is a solid strategy and an ideal opportunity for SMEs in developing countries to improve their level of national integration with international markets (Alyoubi, 2015). In developed countries such as Western Europe, North America and the newly industrialized countries of Asia, research has shown that there is a consensus among SME owners that the implementation of the Online Marketing technology is transforming business activities (Abiso and Ajagbe, 2018). Therefore, SME owners in developing countries should embrace e-commerce to transform their business activities. An increase in growth rates is expected to translate into a corresponding increase in the adoption rate of Online Marketing by SMEs. However, the corresponding increase in the adoption of Online Marketing is not the case as there are many local circumstances that stand in the way of further economic prosperity through Online Marketing for SMEs. According to Agwu and Murray (2015), the impact of the Internet and e-commerce on businesses, industries and economies requires in-depth analysis to separate the hype from the reality and what is possible for developing countries. The adoption of Online Marketing by SMEs in developing countries is new, and some SMEs are concerned about the availability and willingness to use the Internet. Despite the adoption of Online Marketing in India, some SME owners are unable to reap the benefits of e-commerce technologies. A big difference between the rate of adoption, implementation and use of Online Marketing leads to difficulties for Online Marketing to thrive (Alyoubi, 2015). The adoption of Online Marketing technologies raises vital infrastructure, socio-cultural, socio-economic and political factors that influence the adoption and use of Online Marketing among SMEs in India (Ocloo et al., 2018).

Research design

Common types of qualitative conceptions are case, phenomenological, ethnographic, and narrative studies (Bengtsson, 2016; Cairney & St Denny, 2015; Lewis, 2015). The researchers used a multiple

case study design for this study. Applying a case study design requires researchers to analyze questions across multiple data sources (Bengtsson, 2016; Yazan, 2015; Yin, 2018). A multiple case study design provides tools for a better understanding of the research topic (Manhas&Oberle, 2015; Park & Park, 2016; Tumele, 2015). Researchers use several case studies to understand complex problems in real-world contexts (Harrison, Birks, Franklin & Mills, 2017). The researchers used the design of several case studies for this research to explore the strategies that some SME owners in the FMCG industry in Tamilnadu are using to adopt online marketing to market products. Other models were considered but not chosen. Researchers use a phenomenological design to understand the meaning of participants' experiences with a phenomenon (Sutton & Austin, 2015). But the phenomenological conception was not adequate because it did not want to analyze the lived experiences of the participants. Ethnographic research focuses on the beliefs, cultural values and behavior of individuals and groups of people (Schober et al., 2016). Ethnographic research was also not appropriate for this study, as it involves in-depth observation of a given community or group to characterize the culture that governs the behavior and patterns of interaction of its members. Moreover, narrative researchers rely on a representation of the written or spoken words of the participants to describe and reconstruct the personal experiences of individuals (Lewis, 2015).

Achieving data saturation is essential when conducting qualitative research. Data saturation occurs when additional data does not lead to new information (Fusch& Ness, 2015; Yin, 2018). Once a researcher reaches data saturation, no further interview or data analysis is necessary (Carcone, Tokarz&Ruocco, 2015). The goal of saturation data is to obtain quality information about the subject studied (Creswell &Poth, 2017). In the experience of qualitative researchers, data saturation occurs when no new trends or themes emerge with new data collection (Merriam &Tisdell, 2015). A To ensure data saturation, The researcher continued to interview SME business leaders in the consumer goods sector until new trends or data topics emerged.

Population and sampling

The target population for this study consisted of five SME entrepreneurs in the FMCG industry based in Tamilnadu who had successfully adopted e-commerce to market products. The use of an intentional sampling method made it possible to select participants with relevant knowledge and experience of the research subject in this study (Etikan, Musa &Alkassim, 2016). The survey was administered to 216 participants. However, 10 participants were excluded for failing to answer a quality control question. Thus, the sample for the present study consisted of 206 participants (143 males, 63 females). All participants were adults, ranging from 18 to 65 years old .Over half of the participants were between the ages of 25 and 34, with the next highest age group being 35 to 44 years of age.

Age (years)	Frequency	% Respondents
18-24	32	16%
25-34	120	58%
35-44	41	20%
45-54	7	3%
55-64	6	3%
65+	0	0%

Variable Name	M	SD
Extraversion	293%	0.85
Agreeableness	352%	0.82
Conscientiousness	363%	0.69
Neuroticism	252%	0.9
Openness-to-Experience	3.49	0.82

Informational-Non-Comp	5.07	1.47
Transformational-Non-Comp	4.72	1.59
Informational-Comp	5.37	1.36
Transformational-Comp	4.7	1.68

Correlational analysis

The current study examined the relationship between the five dimensions of personality (i.e., the predictor variables) and attitudes towards four key advertising strategies (i.e., the dependent variables). Before performing statistical analyzes, descriptive statistics were obtained for all variables. The means and standard deviations obtained for the Big Five personality dimensions were comparable to results from other studies using the BFI-2-S (see, for example, Rammstedt, Lechner & Danner, 2018). Pearson correlation analysis was performed on all variables to determine significant associations between them. In particular, the correlation matrix was examined to determine if the dependent variables were correlated in order to determine whether a simple multiple regression analysis or a multivariate regression analysis should be performed. The results produced significant positive correlations between attitude scores towards non-comparative informative ads and non-comparative transformational ads, comparative informative ads, and comparative transformational ads [$r(204) = .628, p < .001, r(204) = .669, p < .001$ and $r(204) = 0.615, p < .001$, respectively]. In addition, the results produced significant positive correlations between attitudes towards non-comparative transformational ads and comparative informational ads and comparative transformational ads [$r(204) = .583, p < .001, r(204) = .751, p < .001$, respectively]. Finally, the results showed a significant positive correlation between comparative transformational ads and comparative informational ads, $r(204) = .619, p < .001$. Since the dependent variables were all significantly correlated, multivariate regression of the data was performed instead of individual multiple linear regression analyses.

Correlation Analyses of Predictors and Dependent Measures of Attitude toward Advertisement Strategy

	INC	TNC	IC	TC	E	A	C	N	O
INC	1	.628**	.699**	.615**	.188**	0.096	-0.124	0.08	-0.018
TNC	-	1	.583**	.751**	.231**	-0.045	-.176*	0.072	-0.076
IC	-	-	1	.619**	.210**	.188**	0	-0.022	-0.048
TC	-	-	-	1	.179**	-0.066	-0.206**	.145*	-0.115
E	-	-	-	-	1	.259**	.272**	.488**	.337**
A	-	-	-	-	-	1	.427**	.420**	.358**
C	-	-	-	-	-	-	1	.526**	.391**
N	-	-	-	-	-	-	-	1	.272**
O	-	-	-	-	-	-	-	-	1

Canonical correlation analysis

As several dependent variables were observed at the same time, a canonical correlation analysis was performed. Canonical correlation analysis is used to identify and measure associations between two

sets of variables (Reed, Bruch & Haase, 2004). A dimension reduction analysis showed that at most two of the four canonical correlations were interpretable. Examination of the structure coefficients for the first canonical correlation suggests that the strongest underlying latent root ($R^2 = 0.17$) is primarily defined by the relationship between attitudes towards non-comparative ads (.662), Non-comparative transformational ads (.859) and comparative transformational ads (.897) among criterion variables, and by consciousness (-.617) among predictors. Low awareness is associated with more favorable attitudes toward non-comparative informational ads, non-comparative transformational ads, and comparative transformational ads. The second latent root ($R^2 = .09$) is defined mainly by the attitudes towards non-comparative advertisements (-.640) and comparative advertisements (-.848) between the criteria variables, and by extraversion (-.493) and agreement (-.930) among the predictors. This suggests that low extraversion and likability are significantly associated with low attitudes towards non-comparative informative ads and comparative informative ads, and vice versa.

H1 (extraversion): People with higher levels of extraversion will get high attitude scores for non-comparative transformational ads

Multivariate regression analysis produced a significant predictive relationship, $F(5,200) = 23.87$, $p < .001$, $hp^2 = .107$, between extraversion and attitudes toward non-comparative transformational advertising, and individuals with higher extraversion scores. The highs show a more favorable attitude toward non-comparative transformational ads, $b = 0.716$, $t(200) = 4.89$, $p < 0.001$. Therefore, Hypothesis 1 was supported.

Extraversion also showed several significant predictive relationships with the three remaining advertising strategies. As with the no comparative transformational ads, extraversion was highly predictive of comparative transformational ad scores, $F(5, 200) = 21.93$, $p < .001$, $hp^2 = .099$, and individuals who had Higher rates of extraversion showed a more favourable attitude towards comparative transformational ads, $b = 0.719$, $t(200) = 4.68$, $p < 0.001$.

A smaller effect was observed between extraversion and attitude towards the two types of informational ads. For extraversion and non-comparative news ads, $F(5,200) = 15.30$, $p < 0.001$, $hp^2 = 0.071$, individuals with higher extraversion scores showed more favorable attitudes towards the Regarding non-comparative news announcements, $b = 0.535$, $t(200) = 3.91$, $p < 0.001$. Likewise, for comparative information and extraversion ads, $F(5, 200) = 10.79$, $p = .001$, $hp^2 = .051$, individuals with higher extraversion scores showed attitudes more favorable towards comparative information advertisements, $b = .429$, $t(200) = 3.28$, $p = 0.001$).

H2 (cuteness) - People with higher levels of cuteness will get high attitude scores for non-comparative transformational ads

Multivariate regression analysis did not show a significant predictive relationship between agreeableness and attitudes towards non-comparative transformational ads ($b = 0.063$, $p = 0.68$). Therefore, hypothesis 2 was not supported. However, there is a significant predictive relationship between usability and the two types of informational ads. For non-comparative informational ads, $F(5, 200) = 6.42$, $p < 0.05$, $hp^2 = 0.031$, individuals with higher agreeableness scores showed more favorable attitudes towards non-informational ads. comparative, $b = 0.356$, $t(200) = 2.53$, $p < 0.05$. There was also a significant predictive relationship between usability and informative comparative ads, $F(5, 200) = 8.71$, $p < 0.01$, $hp^2 = 0.042$, and individuals with higher agreeableness scores show a more favorable attitude towards comparative informative ads, $b = 0.396$, $t(200) = 2.95$, $p < 0.01$.

H3 (Awareness): People with higher awareness levels will get high attitude scores for non-comparative informative ads and comparative informative ads.

Multivariate regression analysis did not show a significant relationship between awareness and attitude towards non-comparative informative ads ($b = -.319, p = .08$) and comparative informative ads ($b = -.137, p = .42$). Therefore, Hypothesis 3 was not supported; However, there was a significant predictive relationship between awareness and attitude towards non-comparative transformational advertising, $F(5, 200) = 4.23, p < 0.05, \eta^2 = 0.021$, individuals with scores awareness levels showing a less favorable attitude towards non-comparative transformational advertising, $b = -.394, t(200) = -2.06, p < .05$. No other significant relationship was observed between brand awareness and other advertising strategies.

H4 (neuroticism): People with higher levels of neuroticism will get high attitude scores for non-comparative transformational ads and comparative transformational ads

Multivariate regression analysis gave a significant predictive relationship between neuroticism and attitude toward comparative transformational ads, $F(5, 200) = 6.62, p < 0.05, \eta^2 = 0.032$, and individuals with higher levels of neuroticism show a more favorable attitude towards comparative advertisements. transformational announcements, $b = 0.416, t(200) = 2.57, p < 0.05$. However, no significant relationship was observed between neuroticism and attitude toward transformational non-comparative ads ($b = .269, p = .083$). Therefore, hypothesis 4 was only partially supported.

Although no assumptions were made, neuroticism was predictive of attitude scores for non-comparative informational ads, $F(5, 200) = 5.86, p < 0.05, \eta^2 = 0.028$, and individuals with higher neuroticism scores show a more favorable attitude towards information and not comparative advertisements, $b = 0.348, t(200) = 2.42, p < 0.05$.

H5 (Open to Experience): People with higher levels of openness to experience will achieve high attitude scores for non-comparative transformational ads

Multivariate regression analysis did not show significant predictive relationships between openness to the experience and attitude toward any of the four types of advertising strategies ($p > 0.08$). Therefore, hypothesis 5 was not supported.

Conclusion

Current and potential small business owners can get useful information and insight into Online Marketing strategies to adopt in product marketing. Adopting Online Marketing strategies to market products could help SME owners maintain their businesses and continue to provide employment opportunities to the local community. The successful adoption of Online Marketing could translate into stable income for community employees, foster economic growth within the community, and a positive lifestyle for residents. The general public can learn from the Online Marketing strategies that SME owners use to market products in the Indian FMCG industry. The study's findings align with the findings of previous researchers on the importance of adopting Online Marketing strategies to market products to improve business performance. The results show that there is a relationship between personality and attitude towards the four advertising strategies used in this study. However, the affective components of the personality may play a more important role in attitude than initially expected. So there is certainly a lot to be learned about this relationship, and more research needs to be done to complete this body of research. There appears to be a clear link between people who perform better in neuroticism and transformative comparative advertising, which could be beneficial for marketers who want to personalize their ad campaigns more. Additionally, when creating marketing personas, it can be helpful to take into account the affective components of the personality. Although affect was not measured in the present study, it could be that the affective components of personality may explain why individuals who score high in extroversion are involved regardless of the advertising strategy, and individuals who get a high extraversion score. high

agreeableness scores promote more informative ads A closer look at the affective components of personality can help marketers better understand how to use personality to its fullest potential when speaking to the consumer.

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