

## A Review of Marketing Strategies Used by Small Business

**\*Dr. Pawan Sahni**

### Abstract

This paper presents a comprehensive review of marketing strategies employed by small businesses, with particular emphasis on their evolution, effectiveness, and adaptability in competitive environments. Small enterprises play a vital role in economic development by generating employment, stimulating innovation, and contributing to regional growth. However, their limited resources, technological constraints, and market uncertainties necessitate innovative and cost-effective marketing approaches. This study synthesizes theoretical and empirical research published up to 2015, analyzing strategies such as relationship marketing, digital marketing, niche targeting, word-of-mouth promotion, and networking. The review also explores how entrepreneurial orientation, customer engagement, and innovation capacity influence marketing effectiveness in small business contexts. Drawing from both international and Indian studies, it highlights that small firms often rely on personalized customer relationships and local market knowledge to gain competitive advantage. The paper concludes that the integration of digital tools, customer-centric innovation, and community-based branding represents the future of small business marketing in emerging markets.

**Keywords:** Small Business, Marketing Strategy, Relationship Marketing, Digital Marketing, Entrepreneurial Orientation, SME Competitiveness, Innovation, Customer Engagement.

### Introduction

Marketing plays a central role in the survival and growth of small businesses. Unlike large corporations with extensive budgets and professional marketing departments, small enterprises operate under severe resource constraints and face challenges in building brand visibility, customer loyalty, and market reach. Despite these limitations, small firms often demonstrate flexibility, creativity, and a close connection to customers—qualities that enable them to compete effectively in niche markets.

Globally, small and medium enterprises (SMEs) account for over 90 percent of business establishments and contribute significantly to GDP and employment (OECD, 2010). In India, the SME sector forms the backbone of the economy, accounting for nearly 45 percent of manufacturing output and 40 percent of exports (Government of India, MSME Report, 2014). However, the success of these enterprises heavily depends on how effectively they design and implement marketing strategies aligned with their capabilities and market realities.

This paper reviews major theoretical and empirical studies on marketing strategies used by small businesses, focusing on both traditional and emerging approaches. The study integrates perspectives from marketing theory, entrepreneurship, and innovation management to analyze how small firms

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create, communicate, and deliver value to their target customers.

### Objectives

The key objectives of this paper are:

1. To review the theoretical foundations of marketing strategy in the context of small businesses.
2. To examine the major marketing strategies adopted by small enterprises as discussed in research up to 2015.
3. To analyze the role of innovation, relationship management, and digital technologies in small business marketing.
4. To evaluate empirical findings related to marketing effectiveness and performance in small firms.
5. To suggest future research directions and managerial implications for small business marketing.

### Methodology

This paper adopts a **qualitative and analytical review approach**, drawing from secondary sources such as journal articles, case studies, and government and industry reports published up to 2015. Research materials were sourced from *Journal of Small Business Management*, *International Small Business Journal*, *Journal of Marketing*, *Asian Journal of Business Research*, and relevant publications from the OECD and Indian MSME Ministry.

The methodology includes:

- **Literature Identification:** Selection of relevant empirical and conceptual studies on marketing strategies of small firms.
- **Categorization:** Organizing literature around four themes—relationship marketing, digital marketing, market segmentation, and innovation.
- **Critical Synthesis:** Interpreting key findings to understand the success factors and limitations of different marketing approaches.

The study does not employ primary data or quantitative analysis; instead, it focuses on conceptual integration and comparative insights across studies.

### Theoretical Foundations of Small Business Marketing

Traditional marketing models often assume that firms operate with formal planning, segmentation, and promotional budgets. However, small businesses typically rely on informal, adaptive, and experience-based marketing processes. Carson (1990) introduced the concept of “**entrepreneurial marketing**”, emphasizing creativity, informality, and intuition in small business marketing behavior.

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**Relationship Marketing Theory** (Morgan & Hunt, 1994) emphasizes building long-term customer relationships through trust and commitment rather than transactional exchanges. This approach is particularly relevant to small firms that rely on repeat customers and word-of-mouth referrals.

**Resource-Based View (Barney, 1991)** highlights that a firm's competitive advantage stems from unique resources and capabilities. For small firms, these often include personal networks, market flexibility, and localized knowledge.

**Network Theory** (Johannisson, 1994) suggests that small businesses leverage inter-firm relationships and social capital to access resources, information, and customers. Networks substitute for formal marketing systems, enabling firms to compete effectively despite resource limitations.

Collectively, these theoretical perspectives underline that successful small business marketing is characterized by adaptability, personal interaction, and innovation rather than standardized mass marketing practices.

### **Traditional and Relationship-Based Marketing Strategies**

Small businesses often use **relationship marketing** to build loyalty and trust with their customers. Research by Gilmore, Carson, and Grant (2001) showed that close personal interaction allows small firms to understand customer needs and deliver customized products or services. Such interpersonal connections also generate **word-of-mouth promotion**, an effective and low-cost marketing channel.

In retail and service-oriented small enterprises, **local community engagement** serves as both a marketing and trust-building mechanism. Store owners often rely on local sponsorships, referrals, and personal networks instead of mass advertising. Studies in the Indian context (Kumar & Aithal, 2014) found that personal credibility and reputation remain key determinants of business success in small local markets.

Additionally, **niche marketing**—focusing on specific customer segments neglected by larger firms—has been identified as a dominant strategy for small businesses (Huang & Brown, 1999). By offering specialized products or services, SMEs differentiate themselves and avoid direct competition with large corporations.

### **Digital Marketing and Technological Adaptation**

The emergence of digital technologies has transformed marketing for small businesses. By the mid-2010s, internet penetration and social media platforms enabled even microenterprises to reach broader audiences with minimal cost.

Research by Gilmore et al. (2007) and Durkin et al. (2013) indicated that small firms adopting digital tools such as email marketing, search engine optimization, and social media branding experienced improved customer reach and engagement.

In India, digital marketing adoption among small firms was driven by affordable mobile technology and e-commerce platforms (Chatterjee & Kar, 2015). Firms using Facebook pages, WhatsApp groups, or local e-marketplaces were able to expand their visibility without large advertising budgets.

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However, studies also caution that technological adaptation requires managerial competence and time investment. Limited skills and fear of technology often constrain small firms from exploiting the full potential of online marketing.

### **Innovation and Entrepreneurial Orientation in Marketing**

Marketing innovation—defined as the application of new marketing concepts or processes—plays a vital role in differentiating small firms. Entrepreneurial orientation, comprising proactiveness, innovativeness, and risk-taking (Lumpkin & Dess, 1996), directly affects marketing strategy choices.

Empirical evidence suggests that small firms with high entrepreneurial orientation are more likely to experiment with unconventional marketing tactics, such as experience-based promotions, viral campaigns, and collaborations. A study by Hills and Hultman (2011) showed that entrepreneurial marketing behaviors significantly enhance customer satisfaction and sales growth among SMEs.

Innovation-driven small firms often integrate **product development** with marketing strategy—using customer feedback loops to refine offerings. This iterative approach enables continuous adaptation to changing market demands, particularly in dynamic sectors like technology, fashion, and food services.

### **Comparative Insights from Indian and Global Studies**

Internationally, studies from Europe, the United States, and Asia reveal common challenges in small business marketing—resource scarcity, limited brand awareness, and difficulty in accessing new markets. Yet, successful small firms tend to exhibit creativity and agility.

In India, empirical studies (Rao, 2013; Kotwal & Gupta, 2015) reveal that informal marketing practices dominate micro and small enterprises. Many entrepreneurs rely on interpersonal selling, price flexibility, and local trust. While awareness of formal marketing techniques is increasing, adoption remains uneven across regions.

Government programs such as the **National Small Industries Corporation (NSIC)** and **Digital India initiatives (2014)** have encouraged small firms to enhance market access through technology. However, the effectiveness of these interventions depends on training, infrastructure, and continuous support.

### **Challenges in Implementing Marketing Strategies**

Small businesses face several barriers in developing effective marketing strategies:

1. **Financial Constraints:** Limited budgets restrict the use of professional advertising and research.
2. **Skill Gaps:** Many owners lack formal marketing education or experience in digital tools.
3. **Limited Market Research:** Decision-making often relies on intuition rather than systematic analysis.
4. **Competition:** Larger firms' economies of scale and brand recognition make it difficult for small firms to sustain market share.

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5. **Inconsistent Branding:** Resource shortages lead to fragmented and inconsistent communication efforts.

Overcoming these challenges requires knowledge sharing, capacity building, and support from industry associations and government agencies.

### **Conclusion and Future Research Directions**

This review reveals that small businesses employ diverse marketing strategies, often characterized by adaptability, personal relationships, and innovation. Traditional relationship-based marketing remains dominant, but digital transformation is increasingly shaping new opportunities. The success of small business marketing depends on the entrepreneur's creativity, networking ability, and customer engagement rather than formal marketing structures.

To sustain competitiveness, small firms should integrate digital tools with local customer insights, focus on niche markets, and foster a culture of continuous innovation. Policymakers and development institutions must facilitate marketing education, technology access, and networking platforms to strengthen SME marketing capabilities.

**Future research** should explore:

1. The impact of social media and e-commerce on small business growth in emerging economies.
2. Longitudinal studies assessing marketing performance across different industry clusters.
3. Comparative analysis of marketing strategies between urban and rural SMEs.
4. The role of entrepreneurial personality traits in shaping marketing innovation.
5. Policy interventions for capacity building in small business marketing.

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