

# Indian and Bhutanese Governments Support Platform towards E-Marketing in SBEs: An Exploratory Study

DR. SHAD AHMAD KHAN<sup>1</sup> AND DR. ASIF ALI SYED<sup>2</sup>

## **Abstract**

*E-Marketing is often considered to be the future of marketing and the other related fields. The last two decades have been crucial for the E-marketing as the world is witnessing the biggest electronic revolution in the era of Information Technology and Computers. Today every organisation strives to mark its presence on the E-world along with the real world through different E-Sources available to it. The ever growing E-commerce is the biggest evidence of the presence of E-marketing in the modern world. This development in the field of marketing is possible because of the E-Infrastructure available in an economy which is the result of government policies and vision pertaining to the future of the respective nations. Many authors, researchers are of the opinion to develop the E-marketing practices so as to develop the economy as the E-marketing tends to target more number of customers, suppliers and other stakeholders. The present study is an attempt to analyse support platforms available for SBEs in the two neighbouring countries India and Bhutan. The study analyses the various government agencies available in these two nations and their contribution in providing the support platform towards E-marketing in SBEs. The study also compares the practices of the two nations based on the literature and tries to draw a meaningful conclusion and recommendations thereon.*

**Keywords:** *E-Marketing, Small Business Enterprises (SBEs), Information Technology, Support platform, India, Bhutan, government agencies*

## **Introduction**

Small Business Enterprises (along with Medium and Micro Enterprises) have always attracted substantial attention from the government because of its importance in the field of economic development. According to Mulhern (1990), 99 percent of the European firms are either small or medium business enterprises and are responsible for 66 percent of the employment in Europe. In India alone Small and Medium Enterprises are responsible for 40 percent of the total employment (Goyal, 2013). In the modern world the small Business Enterprises (SBEs) are also not untouched by the great revolution in the form of computer

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<sup>1</sup> Senior Lecturer, Gedu College of Business Studies, Royal University of Bhutan  
Email: [khan.shadahmad@gmail.com](mailto:khan.shadahmad@gmail.com)

<sup>2</sup> Assistant Professor, Department of Business Administration, Aligarh Muslim University, Aligarh  
Email: [asifalisyed@yahoo.com](mailto:asifalisyed@yahoo.com)

science, the internet, information technology, media and communication. This Information Age is changing and is expected to change further the dimension of the business and its functioning. In the presence of all such revolutionizing factors the marketing is also undergoing a paradigm shift as Electronic Marketing (E-marketing) is creating its space in the traditional marketing framework. According to Liang and Huang (1998) the internet, web services, information technology, communication technology and computer sciences have created dynamic new electronic channels for marketing, and most companies find it essential to have an electronic presence. This study believes that a leap in the form of infrastructure made available to small enterprises can lead to a better level of efficiency and effectiveness of the E-marketing for SBEs.

***Small Business Enterprises:***

There is a very little agreement on the definition of the small business enterprises. They have been defined in different parts of the world according to the local and national need (Watson & Everett 1996). Some countries define SBE in terms of number of Employees while others define in terms of Capital investment at the same time there are many which define SBE based on the annual sales turnover. There are many countries which adopt more than one criterion to define SBE. The Small Business Enterprises for India and Bhutan have been defined as follows Table 1.

**Table 1 Criteria for defining SBE's in India and Bhutan**

Country	Criteria	
	No. of Employees	Investment
India	None	For Manufacturing sector: Min. INR 2.5 Million but not exceeding INR 50 Million For service sector: Min INR 1 million to INR 20 Million
Bhutan	5-19	Nu. 1 million to Nu. 10 million

*Source: Reserve Bank of India (2014) & Micro, small and medium Enterprises (MSME) Policy (2012-2020) of the Kingdom of Bhutan (2012). Note: Nu. 1 = INR 1 (The national currency of Bhutan is equal to Indian National Rupee).*

### **Industry Classification in SBEs in India and Bhutan**

The Industry in Bhutan is categorized under three sectors, viz., Service, Productions and Manufacturing (P&M) and Contract. Bhutan's Cottage and Small Industries (CSI) is dominated by the service and contract sector, together they account for 90 percent of the total CSI in the country (Ministry of Economic Affairs, 2015). In India the Industries for SBEs are categorized primarily into two parts i.e. manufacturing and Services (Syed, 2011).

E-marketing in general has found to be more dominating in the service sector, as larger number of traders is found to be using E-marketing as a tool of promotion and sale of their products at Business to Business (B2B) level and Business to Consumers (B2C) level. However the level of manufacturing sector dealing with B2C has been found to be low with regards to usage of E-marketing.

### ***E-Marketing***

The E-Marketing or Electronic marketing can be defined as a modern business activity associated with buying, selling, promoting, and delivering information via Internet and other Electronic Sources. For the purpose of this research the definition of Strauss and Frost (2001) will be used. E-Marketing is defined as “The use of Electronic data and applications for planning and executing the conception, distribution, and pricing of ideas, goods and services to create exchanges that satisfy individual and organisational objectives” (Strauss & Frost, 2001, p.454). This definition is also adopted by the American E-marketing Association (eMA) and has been found as an authentic definition on E-Marketing.

### ***E-Marketing Support Platform***

The E-Marketing support platform with reference to this study is the required avenues, E-marketing platforms and other opportunities in terms of internet services, web portals, and the necessary arrangements which are essential and important for the SBEs and its stakeholders to use in an effective and efficient manner. In order to make this study more specific the government agencies providing such facilities have been taken into consideration.

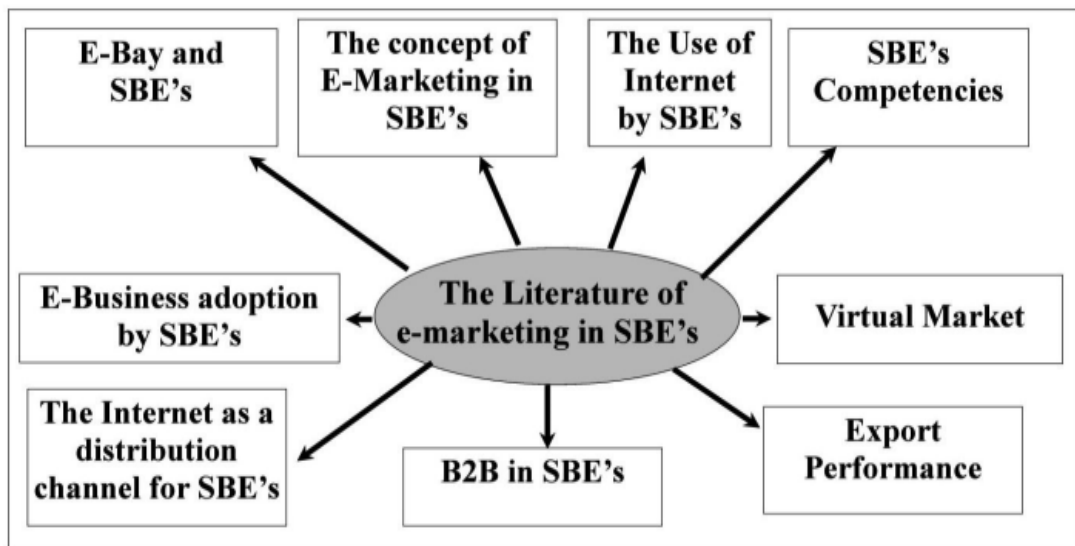
### **Review of Key Literatures**

Small Business Enterprise plays a very important role in the economy not only from the Gross Domestic Product (GDP) point of view but also from the view point of the employment and growth. As already mentioned in the introduction, according to Goyal (2013), In India the small and medium business enterprises are responsible in employing 40 percent of the total workforce. This study further says that the contribution to the GDP is only 17 percent however the 1.3 million SME's contribute to the 40 percent of the India's total exports. For Bhutan such

industry is known as Cottage and Small Industry (CSI) which constitutes more than 95% of the total Industry in Bhutan (DCSI, MoEA, 2013).

El-Gohary (2006) researched and investigated a wide range of areas in E-marketing such as: Internet-Marketing/ E-mail marketing/ Intranet marketing/ SMS Marketing/ Extranet Marketing. He also noted that the literature in Internet Marketing (IM) covers five main areas, namely: Internet marketing environment, IM functions, IM applications and IM research. Based on these investigations he illustrated the relationship through a model given below as Figure 1.

**Figure 1** The Literature of e-marketing in SBE



*Source: El-Gohary, 2006*

The concept of E-marketing as defined by Strauss and Frost (2001) can be illustrated by the following figure (figure 2)

*Figure 2: E-marketing concept*



*Source: Definition adopted from Strauss and Frost (2001)*

According to Eid and El-Gohary (2013), EM tool has a positive influence on SBE Pre-sales activities, after sales activities, marketing performance and marketing effectiveness.

According to the investigation conducted by El- Gohary (2009) it was revealed that the business internal factors namely, the SBE owner skills, available resources of the SBE, SBE organisation culture, SBE type of products, international orientation of SBE and SBE size, positively and significantly affect E-marketing adopted both directly and indirectly. In this investigation it was also found that the external factors had insignificant impact on E-marketing adoption.

This study further reveals that B2B and B2C are the most commonly used E-marketing forms and major tools of E-marketing are Internet marketing and E-mail marketing. Researchers like Sheth and Sharma (2005), Sandeep and Singh (2005), Adam et al. (2002) suggest the need for such research. These authors agree that the serious marketing practitioners and academicians are now aware that more systematic research is required to reveal the true nature of E-Marketing. El-Gohary (2009) in his study found the relevance of the facilities provided by the

government in terms of external factors effecting the adoption and practices of E-marketing among SBEs.

### **Research Methodology**

This paper being a review paper is based on descriptive research where an attempt is made to describe the pre-existing practices of the various government facilities available to the SBEs. The data has been collected from the secondary sources comprising various publications and reports published by the government as well as non-government agencies. This research also looks into the research papers of the authors of repute in the field of marketing. The collected data has been classified and analysed in a systematic manner. For analysis, statistical tools like Percentages, Annual growth rate are used to find out the objectives of the study. The Objectives of study for this study being:

- I. To identify various agencies of the government dealing with the SBEs in India and Bhutan.
- II. To analyse the practices of such agencies by way of providing necessary support platform towards E-marketing in SBEs.

### ***The Role of Government in Promoting E-Marketing in India and Bhutan***

The main Objective of this paper is to analyse the role of government in providing required infrastructure for the promotion of E-marketing among the SBEs. For this purpose the indirect roles have also to be considered. The Government of India has been involved in promoting SBEs or Small Scale Industries through different methods and policies. Bharathi et al. (2011) identified the following liberalized policies of the government leading to promotion of SBEs (SSI):

- Reservation of Items for SSIs
  - Vendor Development Programs
  - Subsidies
  - Incentives in Operations
  - Ancillarisation
  - Mini Tool rooms
  - Testing Centres
  - Sub - Contracting Exchanges
  - Assistance Program Credit Guarantee Scheme
  - Market Development Assistance Scheme
  - Laghu Udyami Credit Card (LUCC) Scheme
  - Scheme on Surveys, Studies and Policy Research
  - Trade Related Entrepreneurship Assistance & Development for Women (TREAD)
  - Sub-Contracting Exchange for Ancillary Development
  - Credit linked Capital Subsidy Scheme for Technology
- Upgradation
- ISO-9000 Certification Reimbursement Scheme
  - Participation in International Fairs
  - Purchase and Price Preference Policy
  - Small Industry Cluster Development Programme
  - Integrated Infrastructure Development (IID Scheme)
  - National Entrepreneurship Development Board (NEDB)
  - Composite Term Loan Scheme

The schemes and policies stated above clearly state the keen interest of the government in the promotion of Small Business. Similarly, In Bhutan the Good Governance has been the key pillar of Gross National Happiness (GNH) whereby

the initiatives have been taken to promote Small and Cottage Industries. In addition to these policies and strategies, the government has also established certain agencies to provide specialized attention to the MSMEs which includes SBEs. The following lines throw lights on the same:

***E- Marketing: Role of Government and its Allied Agencies for SBEs in India***

The Government of India has established certain agencies and departments to provide specialized assistance to the Micro, Small and Medium Enterprises (MSMEs). The prominent departments and agencies under the aegis of the Government are:

- Ministry of Micro, Small and Medium Enterprises (MSMEs)
- Khadi and Village Industries Commission
- National Small Industries Corporation Limited
- Coir Board of India
- National Commission for Enterprises in the unorganized sector

Apart from the above agencies there are certain other non-profit agencies who are dedicated for the support and assistance to the SBEs. The Important agencies are Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry (FICCI).

The National Small Industries Corporation Ltd (NSIC), has been creating benchmarks in terms of providing platform and services to the MSMEs in terms of E-marketing and E-Commerce. NSIC being the only government MSME Agency which has a Marketing and Intelligence Cell runs marketing assistance program, infomediary services, raw material assistance, Incubation of unemployed youth for setting up new micro and small enterprises etc.

The recent launch of MSME global mart ([www.msmemart.com](http://www.msmemart.com)) provides an online platform for B2B and B2C to MSMEs to market their products & services. This web portal comes with features like online payment gateways, self web development tool, interactive and sector specific database of MSMEs, online domestic and International tender notices, multi product cart, multiple payment stores etc.

Coir Board of India is another specialized institution established by the Government of India for the promotion and development of coir (coconut fiber) in India. The website of the Coir Board of India i.e. [www.coirboard.gov.in](http://www.coirboard.gov.in) provides sectoral information for all the registered coir manufacturers and their products. Though the website only serves as an information website, the trading related options are not available in it.

Analyzing the Khadi and Village Industries Commission (KVIC) and National Commission for Enterprises in the Unorganized Sector (NCEUS) on the parameters laid down under the background of the study and literature review of E-marketing, it is found that the websites of the two important commission i.e. [www.kvic.org.in](http://www.kvic.org.in) and [www.nceuis.nic.in](http://www.nceuis.nic.in) , do not provide any platform for the small Enterprises or micro enterprises to market their product or to have an interface with their various stakeholders. The reasons can be the lower level of awareness of e-media among the members and the beneficiaries of such commissions. The vision statements of these commissions do not negate the fact of adopting and offering such platform in the near future but as on date no such facilities are available to the Micro and Small business coming under the umbrella of KVIC and NCEUS.

In India there are other E-portals which have evolved as an important facilitator to SBEs in terms of E-marketing. The web portals like [www.flipkart.com](http://www.flipkart.com),

www.snapdeals.com , www.amazon.in etc have opened the doors of selling to the enterprises irrespective of size and capacity under B2C segment. The websites like www.sulekha.com, www.indiamart.com etc have created a space in the B2B segment for all the enterprises. The SBEs have opportunities and great scope in terms of market expansion, targeting new customers, meeting more customers' requirement, availing better options in terms of supplies etc through these web portals. Indirectly the credit can be given to the government to allow such web portals to function and bloom in the country like India.

***E- Marketing: Role of Government and its Allied Agencies for SBEs in Bhutan:***

Royal Government of Bhutan also has a keen interest in the progress of the Cottage and Small Industries. Despite being a small country with very small population and industry structure Bhutan has established certain important departments, agencies and institutions dealing with Cottage and Small Industries. There are primarily three agencies dealing with the SBEs and micro businesses, they are:

- Department of Cottage and Small Industry (DCSA), under Ministry of Economic Affairs (MoEA)
- Bhutan Opportunity and Information Centre
- Loden foundation

The Department of Cottage and Small Industry, MoEA is a department under the Ministry of Economic Affairs; Royal Government of Bhutan is the primary and apex body dealing with the cottage and small business in Bhutan. The functioning of this department is mainly strategy formulation, planning, and policy making. The research failed to identify any step taken by the DCSA which can be significant in the field of E-marketing.

Bhutan Opportunity and Information Centre (BOIC), is a new agency established by the royal government of Bhutan. This agency is established as an autonomous agency to manage the revolving funds for the small industry, cottage industry and non-formal commercial activities. Currently the agency is in the planning stage and various research projects with regards to the need identification, road maps etc are being carried out by the national researchers for the same. Till date no special scheme or provision related to E-commerce or E-marketing is available through BOIC.

Loden foundation being a non government organisation is also an important agency in Bhutan because of its involvement in micro and small business credit and assistance provided to the cottage and small industry. Each year Loden foundation invites applications for the entrepreneurial venture and supports the selected ventures in every aspect, starting from sponsoring to administrative to managerial assistance. Despite being an active stakeholder to the Cottage and Small Industry of Bhutan, the research failed to find the website or scheme of the agency promoting the E-marketing.

The prima facie investigation on Bhutan suggests that there is no governmental platform for the SBEs to understand and make use of E-marketing as a marketing tool for customers and stakeholder interface. But on a closer investigation on other avenues for the Bhutanese business certain platforms were found to be attention pullers. They are [www.blessedbhutan.com](http://www.blessedbhutan.com) and [www.bhutan-kilaya.com](http://www.bhutan-kilaya.com) , though the trading option is not available on the websites but the web portal satisfying the definition of E-marketing. These websites are mainly the travel websites which basically organize tours to the various locations of small and cottage industry. These websites act as a global gateway for such cottage and small industry based enterprises by attracting consumers, traders and other parties who are interested in CSI of Bhutan.

## **Conclusion**

E-marketing is at a very nascent stage in India and at embryonic stage for Bhutan. In India the government has realized the importance of E-marketing and E-media and few steps have been taken to provide necessary platform for the same, but a lot more is to be done in this field of marketing. There is only one government agency i.e. NSIC who is taking active care of this concept among MSMEs. India being a nation with one of the largest domestic market in the world the scope for E-marketing is enormous and lucrative.

For Bhutan, so far the government has not realized the importance of E-Media on the way to provide more avenues to the people dealing with SBEs and cottage Industry as there is no evidence of providing any sort of E-platform or Infrastructure for the E-marketing to the SBEs. This study does not discard the fact that the government will not provide such infrastructure in future also, but the data as on date reveals that there is no evidence of E-marketing promotion by the Bhutanese Government for the SBEs.

## **Recommendations**

Based on the finding above the recommendations are divided into two main headings. One heading covers the recommendation for the Government of India and the other is for Royal Government of Bhutan. Based on the discussion above the following recommendations can be drawn:

### **(a) *Recommendations for Government of India***

- The other agencies namely, Khadi and Village Industries Commission, and National Commission for Enterprises in the unorganized sector may plan out and work to provide their members and the beneficiaries an E-platform in the form of a website like it has been done by Coir Board of India. They

may also think of launching an E-commerce B2B or B2C web portal in future like National Small Industries Corporation Limited has done.

- The Progress of the E-marketing Infrastructure provided through NSIC should be properly monitored and if the traces of success are found it should be implemented at other levels as well.
- The SBEs should be encouraged to participate in greater number of E-platforms in order to get exposed to new level of opportunities and leverage on the pre-existing web portals like flipkart.com, snapdeal.com etc. They should be also encouraged to participate in E-marketing through other forms of E-marketing.

**(b) *Recommendations for Royal Government of Bhutan***

- The Government of Bhutan should conduct study to test the feasibility of providing E-platforms to the SBEs in the country. The initiation can start from BOIC established recently in the country.
- An arrangement can be made with the private parties like Amazon, Snapdeal, Flipkart etc. to provide necessary E-platform to the Bhutanese SBEs. For this purpose, government should take an initiative in signing MoUs with such organisations and deal with other related formalities.
- The immediate recommendation will be incorporate the names and list of members in the respective agencies of the government.

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