

Innovative Marketing Strategies Adopted by MSMEs: A Comparative Study of Manufacturing, Trading and Service Enterprises

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ABSTRACT

Micro, small and medium enterprises operate under resource constraints that make conventional marketing expenditure difficult to sustain, yet they compete in markets increasingly shaped by digital channels and rapid product turnover. This study examines the extent to which MSMEs in Mysuru district, Karnataka, adopt innovative marketing strategies across five domains — product and service innovation, innovative pricing, innovative promotion, innovative distribution and customer reach, and digital marketing innovation — and assesses whether adoption differs systematically across manufacturing, trading and service enterprises. Primary data were collected from 50 enterprises, all of which qualify as micro units under the composite MSME classification notified by the Government of India in June 2020, through a structured questionnaire administered on a five-point Likert scale. Scale reliability was examined item by item and the instrument was purified before composite scores were computed. One-way analysis of variance with Tukey HSD post-hoc comparison was used to test sectoral differences, and multiple linear regression was used to model perceived business performance as a function of the five strategy domains. The results show that sector of operation is strongly associated with the marketing innovation profile of an enterprise. Service enterprises recorded the highest adoption of digital marketing ($M = 4.08$) and promotional innovation ($M = 4.12$), trading enterprises led on pricing innovation ($M = 4.08$), and manufacturing enterprises recorded the lowest adoption on every outward-facing domain and the lowest perceived business performance ($M = 3.55$). Enterprise type explained 43.1 per cent of the variance in digital marketing adoption. The regression model was significant ($F = 6.342$, $p < 0.001$) and explained 41.9 per cent of the variance in perceived business performance, with innovative pricing ($\beta = 0.282$, $p = 0.021$) and innovative distribution ($\beta = 0.237$, $p = 0.049$) emerging as the only significant individual predictors. The study also reports that the product innovation and distribution sub-scales did not achieve acceptable internal consistency, and findings relating to those constructs must be treated as indicative rather than confirmatory.

Keywords: Marketing innovation, MSMEs, digital marketing, pricing strategy, business performance

INTRODUCTION

The micro, small and medium enterprise sector occupies a structurally important position in the Indian economy, accounting for a substantial share of manufacturing output, exports and non-agricultural employment. In Karnataka, and particularly in the Mysuru revenue division, the sector is dominated by micro units operating with fewer than ten employees and annual turnover below ₹25 lakh. These enterprises face a distinctive marketing problem. They compete in the same markets as larger firms and, increasingly, in the same digital spaces, but they cannot match those firms on advertising budgets, dedicated marketing personnel or formal market research.

The response available to such enterprises is innovation rather than expenditure. A micro enterprise that cannot buy reach can still redesign its offering around a specific customer segment, price flexibly in response to local conditions, cultivate referral networks, shorten its distribution chain, or use a free social media platform to reach customers who would otherwise be inaccessible. Marketing innovation in this context is therefore not a discretionary sophistication but a substitute for scale.

What remains insufficiently examined is whether this substitution operates uniformly across sectors. A manufacturing unit supplying intermediate goods to a small set of institutional buyers faces a fundamentally different marketing environment from a service provider dealing directly with a dispersed base of individual consumers, or a trader competing on margin within an established supply chain. If marketing innovation is genuinely shaped by these structural differences, then policy interventions and support programmes designed on a sector-neutral basis are likely to be misdirected. This study addresses that question using primary evidence from Mysuru district.

REVIEW OF LITERATURE

The conceptual foundation for treating marketing as a site of innovation is established in the Oslo Manual (OECD/Eurostat, 2005), which formally recognised marketing innovation as a distinct category alongside product, process and organisational innovation, defining it as the implementation of a new marketing method involving significant changes in product design, placement, promotion or pricing. This four-fold structure maps directly onto the classical marketing mix and provides the organising logic for most subsequent empirical work in the area.

O'Dwyer, Gilmore and Carson (2009), in a widely cited review of innovative marketing in small and medium enterprises published in the *European Journal of Marketing*, concluded that marketing innovation in small firms is inherently informal and owner-driven. Rather than creating wholly new marketing methods, SMEs typically adapt and modify existing practice around the intuition of the owner-manager and the firm's proximity to its customers, and innovation permeates every element of the marketing mix rather than residing in a dedicated function. Their synthesis implies that instruments designed for formal corporate marketing will understate the innovativeness of small firms, a caution that informs the interpretation of the adoption scores reported in this study.

Naidoo (2010), drawing on survey data from 176 manufacturing small and medium enterprises in China during the global financial crisis, found that marketing innovation, fostered by a market orientation, contributed significantly to competitive advantage in the form of both differentiation and cost leadership, and through that advantage improved the firms' perceived likelihood of survival. The study is directly relevant here because it demonstrates that marketing innovation matters most precisely for small manufacturers operating under resource stress, the segment that records the weakest market-facing innovation in the present sample.

Gupta, Malhotra, Czinkota and Foroudi (2016), using data from managers across multiple industries published in the *Journal of Business Research*, modelled marketing innovation as a consequence of firm competitiveness and found that competitiveness stimulates marketing innovation, which in turn is positively associated with company performance. Their results position marketing innovation not as an isolated tactical choice but as part of a reinforcing cycle between capability and market outcomes, which supports the decision in this study to model perceived business performance as a function of the five marketing innovation domains.

Closer to the present context, Chatterjee and Kar (2020) examined the adoption of social media marketing by small and medium enterprises in India using an extended technology acceptance framework, and found that perceived usefulness, perceived compatibility and low cost drive adoption, and that social media marketing exerts a significant positive impact on SME performance. Because social media platforms are essentially free to use, the authors argue that digital marketing is the most accessible innovation avenue open to resource-constrained Indian enterprises, a proposition that the sharply uneven digital adoption observed across sectors in this study qualifies in an important way.

Research on small firms has consistently found that resource scarcity shapes the form innovation takes rather than suppressing it (O'Dwyer et al., 2009). Small enterprises tend to innovate incrementally and informally, relying on proximity to customers and speed of response rather than on formal research and development. This literature suggests that the marketing innovation of a micro enterprise will often be invisible to instruments designed for large firms, since it appears as adaptive behaviour rather than as documented strategy.

A second body of work addresses digital adoption among small firms. The widespread availability of low-cost mobile-based platforms has reduced the entry barrier to promotional reach substantially, but adoption remains uneven. The literature identifies proprietor age and education, customer literacy, and the nature of the product as the principal conditioning factors, and notes that adoption is typically deepest where the end customer is an individual consumer rather than an institutional buyer. This finding is directly relevant to the sectoral comparison undertaken here (Chatterjee & Kar, 2020).

The relationship between marketing innovation and firm performance has been examined extensively, generally with positive results, though the strength of the association varies with how performance is measured (Naidoo, 2010; Gupta et al., 2016). Studies relying on proprietor-reported perceptual measures, as this study does, tend to report stronger associations than those using audited financial data, and this difference should be borne in mind when interpreting the results reported below.

Research gap

The gap this study addresses is threefold. First, comparative sectoral evidence within a single district-level economy is limited, with most studies either pooling sectors or examining one in isolation. Second, studies covering the Mysuru revenue division specifically are scarce. Third, published work in this area rarely reports item-level reliability diagnostics, with the consequence that composite scores of uncertain measurement quality are frequently carried forward into inferential analysis without comment.

OBJECTIVES OF THE STUDY

1. To assess the extent of adoption of innovative marketing strategies by MSMEs in Mysuru district across five strategy domains.
2. To compare the adoption of innovative marketing strategies across manufacturing, trading and service enterprises.
3. To examine the relationship between innovative marketing strategies and perceived business performance.
4. To identify which strategy domains contribute significantly to perceived business performance.

3.1 Hypotheses

H01: There is no significant difference in the adoption of innovative marketing strategies across manufacturing, trading and service enterprises.

H02: There is no significant difference in perceived business performance across manufacturing, trading and service enterprises.

H03: Innovative marketing strategies do not significantly influence the perceived business performance of MSMEs.

RESEARCH METHODOLOGY

Research Design and Sampling

For the purpose of this study, micro, small and medium enterprises are defined as per the composite classification notified by the Government of India vide Gazette Notification S.O. 2119(E) dated 26 June 2020, which came

into effect on 1 July 2020 and remained in force until 31 March 2025 (Government of India, 2020). Under this classification, a micro enterprise is one whose investment in plant and machinery or equipment does not exceed ₹1 crore and whose annual turnover does not exceed ₹5 crore; a small enterprise is one with investment not exceeding ₹10 crore and turnover not exceeding ₹50 crore; and a medium enterprise is one with investment not exceeding ₹50 crore and turnover not exceeding ₹250 crore. The classification was subsequently revised with effect from 1 April 2025, when the investment and turnover ceilings were enhanced, but the revision does not affect this study because data collection was completed while the 2020 classification was in force.

All 50 enterprises surveyed fall within the micro category of this classification. As the demographic profile in Table 1 shows, no sampled unit reports annual turnover approaching the ₹5 crore ceiling that bounds the micro category, and every unit also qualifies as micro under the enhanced limits applicable from April 2025. The umbrella term MSME is retained in the title and text because micro units constitute the overwhelming majority of the registered MSME population of Mysuru district, but the findings of this paper should be read as evidence about micro enterprises specifically.

The study adopts a descriptive and analytical design based on primary data. The population comprises MSMEs operating in Mysuru district, Karnataka. A sample of 50 enterprises was drawn using purposive sampling, with deliberate stratification to obtain broadly equal representation of the three sectors under comparison: 17 manufacturing enterprises (34.0 per cent), 17 trading enterprises (34.0 per cent) and 16 service enterprises (32.0 per cent). This balance is a design strength for the comparative objective, since it avoids the unequal cell sizes that weaken analysis of variance.

Data were collected through a structured questionnaire administered to proprietors or persons responsible for marketing decisions. The instrument comprised four sections: enterprise profile, adoption of innovative marketing strategies across five domains measured on a five-point Likert scale ranging from 1 (not at all adopted) to 5 (very highly adopted), outcomes of innovative marketing measured on a five-point agreement scale, and overall perception.

Justification of the Sample Size

The decision to restrict the study to 50 enterprises was deliberate, and it is defensible on both statistical and practical grounds. Statistically, the sample satisfies the rule of thumb proposed by Roscoe (1975), under which sample sizes larger than 30 and smaller than 500 are appropriate for most behavioural research and, in multivariate work, the sample should be at least ten times the number of variables entered into the analysis. The regression model estimated in this study contains five predictors, giving a ratio of exactly ten observations per predictor, which exceeds the minimum of five observations per predictor recommended by Hair, Black, Babin and Anderson (2010). For the comparative objective, the deliberate stratification produced three nearly equal groups of 16 to 17 enterprises each, which is well above the conventional minimum cell size for one-way analysis of variance, protects the F-test against the distortions created by unequal cells, and was borne out in practice by non-significant Levene statistics on every construct.

Practically, a compact sample was the price of data quality. The units studied are micro enterprises run by their proprietors, without marketing departments, documented strategies or, in many cases, written records; meaningful responses could be obtained only by administering the questionnaire in person to the proprietor or the person responsible for marketing decisions, explaining items where needed, and verifying enterprise profile details on site. Fifty personally administered, complete and verified responses were judged more valuable for the purposes of this study than a larger pool of remotely collected questionnaires of uncertain quality, particularly given that no complete and current sampling frame of operating micro enterprises exists at the district level. The sample size is therefore adequate for the descriptive, comparative and regression analyses actually undertaken; its limits, principally reduced statistical power to separate correlated predictors and the inability to run exploratory factor analysis, are acknowledged explicitly in Sections 4.4 and 8 and respected in the interpretation of the results.

Reliability Assessment and Scale Purification

Cronbach's alpha was computed for each of the six constructs on the full item set. Three constructs — digital marketing innovation, business performance and, marginally, promotional innovation — returned coefficients at or approaching the conventional threshold of 0.70 recommended by Nunnally (1978). Two constructs, product and service innovation and innovative distribution, returned coefficients well below that threshold.

Corrected item-total correlations and alpha-if-item-deleted statistics were therefore computed for every item, and an exhaustive search was conducted across all possible item subsets of size three or greater to identify the most internally consistent version of each scale. Items that depressed reliability were removed. The results of this purification are reported in full in Table 2 rather than being suppressed, since the outcome materially conditions how the subsequent analysis should be read.

This procedure recovered acceptable reliability for pricing, promotion, digital marketing and business performance. It did not do so for product innovation or distribution. For those two constructs the maximum attainable alpha across every possible combination of items was 0.415 and 0.494 respectively, which indicates that the difficulty lies not with one or two defective items but with the coherence of the construct as operationalised in this instrument. Both scales are retained in the analysis for completeness, and every result involving them is flagged accordingly.

Tools of Analysis

Descriptive statistics were used to profile the sample and summarise adoption levels. One-way analysis of variance was used to test sectoral differences, with Levene's test used to verify homogeneity of variance and Tukey's HSD used for post-hoc pairwise comparison. Eta-squared was computed as a measure of effect size. Pearson's product-moment correlation was used to examine bivariate associations, and multiple linear regression was used to model perceived business performance. Multicollinearity was assessed through variance inflation factors and residual independence through the Durbin-Watson statistic. Exploratory factor analysis was not attempted, as a sample of 50 falls below the case-to-item ratio required for stable factor extraction.

RESULTS AND DISCUSSION

Profile of the Sample

Table 1: Demographic Profile of Sample Enterprises (n = 50)

Variable	Category	Frequency	Per cent
Type of enterprise	Manufacturing	17	34.0
	Trading	17	34.0
	Service	16	32.0
Age of enterprise	Below 3 years	7	14.0
	3–5 years	14	28.0
	6–10 years	16	32.0
	Above 10 years	13	26.0
Number of employees	Below 5	20	40.0
	5–10	17	34.0

	11–20	8	16.0
	Above 20	5	10.0
Annual turnover	Below ₹10 lakh	10	20.0
	₹10–25 lakh	20	40.0
	₹25–50 lakh	8	16.0
	₹50 lakh–₹1 crore	9	18.0
	Above ₹1 crore	3	6.0
Nature of market	Local	14	28.0
	District	15	30.0
	State	11	22.0
	National	9	18.0
	International	1	2.0

Source: Primary data.

The sample consists entirely of micro enterprises under the composite classification set out in Section 4.1. Three-quarters of the enterprises employ ten persons or fewer and 60 per cent report annual turnover below ₹25 lakh, which is consistent with the composition of the MSME population in the district. Market orientation is predominantly sub-state: 58 per cent of enterprises serve only local or district markets and a single enterprise reports international operations. Nearly three-fifths of the units have been in operation for six years or more, so the sample is not dominated by start-ups whose marketing practice might still be unsettled.

Reliability of the Measurement Instrument

Table 2: Reliability Analysis and Scale Purification

Construct	Items (initial)	α (final)
Product / service innovation (PI)	6	0.415
Innovative pricing (PR)	6	0.614
Innovative promotion (PM)	6	0.664
Innovative distribution (DI)	6	0.494
Digital marketing innovation (DM)	8	0.718
Business performance (BP)	6	0.733

Source: Primary data.

Four of the six constructs are usable. Digital marketing innovation ($\alpha = 0.718$) and business performance ($\alpha = 0.733$) meet the conventional threshold; pricing ($\alpha = 0.614$) and promotion ($\alpha = 0.664$) fall in the range often accepted for exploratory research but should be described as marginal rather than sound.

Product innovation and distribution do not reach an acceptable standard by any combination of items. The most plausible interpretation is that these two constructs, as worded in the instrument, bundle together behaviours that respondents do not treat as belonging to a single practice. In the case of product innovation, introducing a new product, customising for individual customers, and changing packaging are conceptually related but operationally quite separate decisions for a micro enterprise, and there is no reason a proprietor who does one should necessarily do the others. The same applies to distribution, where using multiple channels, selling online, and disintermediating the supply chain are distinct strategic choices. This is a specification problem in the instrument rather than a defect in the data, and it is addressed in the recommendations.

Extent of Adoption of Innovative Marketing Strategies

Table 3: Descriptive Statistics for Marketing Innovation Constructs (n = 50)

Construct	Mean	SD	Minimum	Maximum	Rank
Business performance (BP)	3.892	0.505	2.60	4.80	—
Innovative promotion (PM)	3.784	0.584	2.20	4.80	1
Product / service innovation (PI)	3.755	0.511	2.50	5.00	2
Innovative pricing (PR)	3.708	0.532	2.60	4.80	3
Innovative distribution (DI)	3.700	0.584	2.33	4.67	4
Digital marketing innovation (DM)	3.577	0.592	2.43	4.71	5

Source: Primary data. Rank refers to the five marketing strategy constructs only.

Adoption is moderate to high across all five domains, with construct means clustered narrowly between 3.58 and 3.78 on a five-point scale. No domain is neglected and none is adopted intensively; the enterprises surveyed engage with every element of the marketing mix at a comparable and unremarkable level. Digital marketing innovation records the lowest mean of the five, which is notable given that digital channels are the least capital-intensive of the options available. The aggregate figure, however, conceals a sharp sectoral split examined in the next section.

Perceived business performance ($M = 3.892$) exceeds every strategy construct. Respondents rate the outcomes of their marketing more favourably than the intensity of the practices producing them, which is a common pattern in self-reported performance data and a reason for caution in interpreting the regression results.

Sectoral Comparison of Marketing Innovation

Table 4: One-Way ANOVA Comparing Enterprise Types

Construct	Manufacturing M (SD)	Trading M (SD)	Service M (SD)	F	p	η^2
Product innovation (PI) [†]	4.04 (0.41)	3.49 (0.46)	3.73 (0.52)	6.171	0.004**	0.208
Innovative pricing (PR)	3.45 (0.38)	4.08 (0.47)	3.59 (0.53)	8.790	0.001**	0.272
Innovative promotion (PM)	3.39 (0.60)	3.86 (0.43)	4.12 (0.47)	8.978	0.001**	0.276
Innovative distribution (DI) [†]	3.43 (0.61)	3.73 (0.53)	3.96 (0.51)	3.758	0.031*	0.138

Digital marketing (DM)	3.13 (0.42)	3.55 (0.57)	4.08 (0.34)	17.775	0.000**	0.431
Business performance (BP)	3.55 (0.47)	4.06 (0.41)	4.08 (0.47)	7.304	0.002**	0.237

Source: Primary data. ** $p < 0.01$, * $p < 0.05$. Levene's test was non-significant for all six constructs (p ranging from 0.303 to 0.878), confirming homogeneity of variance. † Construct with sub-threshold reliability; result indicative only.

All six comparisons are statistically significant, and H01 and H02 are rejected. The effect sizes are substantial: enterprise type accounts for 43.1 per cent of the variance in digital marketing adoption, 27.6 per cent in promotional innovation and 27.2 per cent in pricing innovation. Sector is not a marginal covariate in this data but a primary organising variable.

Table 5: Tukey HSD Post-Hoc Comparisons

Construct	Comparison	Mean difference	p (adjusted)	Significant
Product innovation (PI)†	Manufacturing vs Trading	0.559	0.003	Yes
	Manufacturing vs Service	0.310	0.146	No
	Service vs Trading	0.249	0.282	No
Innovative pricing (PR)	Trading vs Manufacturing	0.635	0.001	Yes
	Trading vs Service	0.495	0.010	Yes
	Service vs Manufacturing	0.140	0.661	No
Innovative promotion (PM)	Service vs Manufacturing	0.737	0.000	Yes
	Trading vs Manufacturing	0.471	0.025	Yes
	Service vs Trading	0.266	0.297	No
Innovative distribution (DI)†	Service vs Manufacturing	0.527	0.024	Yes
	Trading vs Manufacturing	0.294	0.278	No
	Service vs Trading	0.233	0.455	No
Digital marketing (DM)	Service vs Manufacturing	0.946	0.000	Yes
	Service vs Trading	0.534	0.004	Yes
	Trading vs Manufacturing	0.412	0.030	Yes
Business performance (BP)	Service vs Manufacturing	0.522	0.005	Yes
	Trading vs Manufacturing	0.506	0.006	Yes
	Service vs Trading	0.016	0.994	No

Source: Primary data. † Construct with sub-threshold reliability; result indicative only.

The post-hoc comparisons resolve the ANOVA results into a clear sectoral profile. Digital marketing produces the sharpest separation of the study, with all three sectors differing significantly from one another and service

enterprises exceeding manufacturing units by nearly a full scale point (mean difference 0.946, $p < 0.001$). This ordering follows the structure of the customer relationship rather than the resources of the firm: service providers deal directly with individual consumers who are themselves reachable through mobile and social platforms, traders occupy an intermediate position, and manufacturers frequently sell to a small number of institutional buyers for whom a social media presence carries little commercial value.

Trading enterprises are distinctively strong on pricing innovation, exceeding both manufacturing ($p = 0.001$) and service enterprises ($p = 0.010$). This is consistent with the economics of trading, where margin is the principal lever available to the firm and discounting, bundling and competitive repricing are routine rather than innovative in any strict sense. It is worth noting that the instrument may be capturing normal trade practice under an innovation label in this domain.

Manufacturing enterprises record the lowest mean on four of the five strategy domains and the lowest perceived business performance of the three sectors, differing significantly from both trading ($p = 0.006$) and service enterprises ($p = 0.005$) on performance. The single domain in which manufacturing leads is product innovation, though the sub-threshold reliability of that scale means the finding should be treated as suggestive. Taken together, the pattern describes a manufacturing sector that innovates in the workshop but not in the market.

5.5 Correlation Analysis

Table 6: Pearson Correlation Matrix

	PI†	PR	PM	DI†	DM	BP
PI†	1					
PR	0.051	1				
PM	-0.225	0.305*	1			
DI†	0.073	0.304*	0.464**	1		
DM	0.055	0.248	0.489**	0.337*	1	
BP	0.038	0.470**	0.437**	0.492**	0.435**	1

Source: Primary data. ** $p < 0.01$, * $p < 0.05$ (two-tailed). † Construct with sub-threshold reliability.

Four of the five strategy constructs correlate significantly and positively with perceived business performance, with coefficients between 0.435 and 0.492 indicating moderate associations. Distribution ($r = 0.492$) and pricing ($r = 0.470$) show the strongest relationships. The inter-correlations among promotion, distribution and digital marketing ($r = 0.337$ to 0.489) suggest these three practices tend to be adopted together, which is intuitive: an enterprise that reaches customers through digital channels is by that fact also using a distribution channel and a promotional medium.

Product innovation is the exception. It shows no meaningful association with business performance ($r = 0.038$, $p = 0.786$) and is weakly negatively related to promotional innovation ($r = -0.225$). Given that this scale failed the reliability assessment, the correct conclusion is that the study is unable to measure product innovation adequately, not that product innovation is unrelated to performance. Reporting this as a substantive finding would be an error.

Regression Analysis

Table 7: Multiple Regression — Determinants of Perceived Business Performance

Predictor	B	Std. error	t	p	VIF
(Constant)	0.869	0.697	1.246	0.219	—
Product / service innovation (PI)†	0.018	0.121	0.149	0.883	1.14
Innovative pricing (PR)	0.282	0.118	2.397	0.021*	1.16
Innovative promotion (PM)	0.105	0.132	0.794	0.431	1.75
Innovative distribution (DI)†	0.237	0.117	2.029	0.049*	1.38
Digital marketing innovation (DM)	0.178	0.116	1.541	0.130	1.39

Source: Primary data. Dependent variable: Business performance. $R^2 = 0.419$, Adjusted $R^2 = 0.353$, $F(5, 44) = 6.342$, $p < 0.001$. Durbin-Watson = 2.422. * $p < 0.05$. † Construct with sub-threshold reliability.

The model is significant overall and explains 41.9 per cent of the variance in perceived business performance, so H03 is rejected. All variance inflation factors are below 1.8 and the Durbin-Watson statistic is within the acceptable range, so the model does not suffer from multicollinearity or residual autocorrelation.

Only two predictors are individually significant. Innovative pricing carries the largest coefficient ($B = 0.282$, $p = 0.021$), indicating that a one-point increase in pricing innovation is associated with a 0.28-point increase in perceived performance, holding other strategies constant. Innovative distribution is significant at the margin ($B = 0.237$, $p = 0.049$), though its sub-threshold reliability weakens confidence in the estimate.

Digital marketing does not reach significance in the multivariate model ($p = 0.130$) despite correlating significantly with performance at the bivariate level ($r = 0.435$). This is a shared-variance result rather than a contradiction: digital marketing overlaps substantially with promotion and distribution, and once those are held constant its independent contribution is no longer distinguishable. The practical reading is that digital marketing matters as part of an integrated customer-reach approach rather than as a standalone driver. A sample of 50 also limits the statistical power available to separate correlated predictors, and the non-significance of promotion and digital marketing should be interpreted with that constraint in mind.

MAJOR FINDINGS

- Adoption of innovative marketing strategies is moderate and evenly distributed across the five domains, with construct means between 3.58 and 3.78 on a five-point scale. Digital marketing innovation records the lowest overall mean despite being the least capital-intensive option available.
- Sector of operation is the dominant differentiating variable. All six constructs differ significantly across manufacturing, trading and service enterprises, with enterprise type accounting for 43.1 per cent of the variance in digital marketing adoption.
- Service enterprises lead on promotional innovation, distribution and digital marketing, and differ significantly from both other sectors on digital marketing adoption.
- Trading enterprises are distinctively strong on pricing innovation, exceeding both manufacturing and service enterprises significantly.
- Manufacturing enterprises record the lowest adoption on every outward-facing marketing domain and the lowest perceived business performance, differing significantly from both other sectors on the performance measure.

10. Innovative pricing and innovative distribution are the only significant individual predictors of perceived business performance in the multivariate model, which explains 41.9 per cent of variance overall.
11. Digital marketing correlates significantly with performance at the bivariate level but loses independent significance when promotion and distribution are controlled, indicating that its effect operates through an integrated customer-reach strategy.
12. The product innovation and distribution sub-scales did not achieve acceptable internal consistency under any combination of items, and findings relating to these two constructs are reported as indicative only.

IMPLICATIONS AND SUGGESTIONS

For Enterprises

The evidence points most directly at manufacturing enterprises, which combine the strongest product innovation orientation with the weakest market-facing capability and the lowest perceived performance. The constraint these units face is not an unwillingness to innovate but a concentration of innovation effort on the product rather than on reaching customers. For a manufacturing micro enterprise, the marginal return to improving distribution and pricing practice is likely to exceed the return to further product refinement.

For all sectors, the regression results suggest that pricing deserves more deliberate attention than it typically receives. Flexible, value-based and loyalty-linked pricing requires no capital outlay and emerged as the strongest single predictor of perceived performance in this sample.

For Policy Makers and Support Institutions

The scale of the sectoral differences found here argues against sector-neutral marketing support programmes. A digital marketing training module delivered uniformly to all MSME registrants will substantially under-serve manufacturing units, whose deficit lies in a different place and whose customer base may not be reachable through consumer-facing digital channels in any case. District-level agencies such as the District Industries Centre and MSME-DI would be better served by differentiated modules: business-to-business marketing and channel development for manufacturing units, and digital and content capability for service and trading enterprises.

For Future Research

The measurement difficulties encountered with the product innovation and distribution constructs indicate a need to re-specify these dimensions before further use. Both should be either narrowed to a single coherent behaviour or split into separate sub-constructs and validated on a pilot sample before full deployment. Future studies would also benefit from objective performance indicators such as turnover growth or customer acquisition data, which would allow the perceptual bias in self-reported performance to be assessed directly.

LIMITATIONS OF THE STUDY

Several limitations should be borne in mind when interpreting these results. The study is based on 50 enterprises drawn from a single district, so the findings describe MSMEs in Mysuru district and cannot be generalised to Karnataka or to India without further evidence. The sample size, while adequate for the analysis of variance reported here, limits statistical power in the multivariate model and prevented the use of factor analysis to validate the construct structure empirically.

Purposive rather than probability sampling was used, which introduces the possibility of selection bias, and enterprises willing to participate in a marketing survey may be more marketing-oriented than those that declined. Performance is measured perceptually through proprietor self-report rather than through audited financial records, and the mean performance score exceeding every strategy score suggests some upward bias in these ratings. The design is cross-sectional, so the associations reported cannot establish causal direction: it is equally

plausible that better-performing enterprises can afford more marketing innovation as that marketing innovation improves performance.

Finally, and as reported in Section 5.2, two of the six constructs failed to achieve acceptable internal consistency. Results involving product innovation and distribution are indicative rather than confirmatory and are flagged as such throughout.

CONCLUSION

This study set out to examine whether the adoption of innovative marketing strategies by MSMEs varies across manufacturing, trading and service enterprises, and whether such adoption is associated with business performance. The evidence from 50 enterprises in Mysuru district answers both questions affirmatively and with reasonable clarity.

The central finding is that sector, rather than size, age or turnover, organises marketing innovation among these enterprises. Service providers innovate through customer reach, traders through price, and manufacturers through the product itself. That these are not simply different emphases but differences with performance consequences is indicated by the significantly lower perceived performance of manufacturing enterprises, whose marketing innovation is concentrated in the one domain that shows no measurable association with outcomes in this sample.

For a micro enterprise operating without a marketing budget, the practical message is that the strategies most strongly associated with performance in this data — flexible pricing and improved distribution reach — are also among the least expensive to implement. The study also demonstrates the value of reporting measurement diagnostics openly: two of six constructs proved unusable, and a study that had reported only composite alphas would have carried that failure silently into its conclusions.

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