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Regards,
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Gaining Online Momentum

A strong online presence can help SMEs expand their reach, communicate effectively and cut promotional costs

THE number of internet users in India has grown exponentially in the past few years, thanks to lower hardware prices and the increasing penetration of service providers throughout India. Increasingly, consumers are logging on to the net for information and resources that they would previously have obtained through word of mouth or print sources. Email has replaced traditional mail as a medium of communication, and the Yellow Pages has been replaced by search engines in most cases. Conventional wisdom says that within the next few years, all businesses will need an online presence. The current scenario, however, is somewhat different. Some companies do have a website or a page on an online marketplace showcasing their offerings and contact details, while others have made the transition to conducting most of their processes online. The number of enterprises that sell their products over the web is also increasing. However some companies, especially small and medium enterprises (SMEs), do not see the need for maintaining an online presence. LV Sastry, Vice President and Head, Sales Operations Support, Bharti Airtel Ltd, says, "A key challenge is the lack of technical information or expertise to create and run websites. Fortunately for SMEs in India, setting up a website

is no longer expensive. SMEs can outsource these to IT companies, many of whom specialise in creating an online presence for SMEs. The entire process, from website creation to hosting, can be outsourced."

Firms can derive multiple benefits through an online medium. An online presence gives a firm a global reach, allowing it access to overseas buyers with no added cost or effort. For companies hoping to expand their reach, this is definitely a benefit. However, for SMEs who cater to only a limited area or region-specific products, the investment would not generate significant benefits. Many feel that their customer base is too narrow to warrant the effort. Mr Feroze Sethna, who runs a family firm called Feroze Foods and Flavours, says, "We are not into a product where we need online support because we supply our products directly to industries. There would be no need for a website as such."

While many make their buying decisions online, an SME's customers may not use the online medium as frequently. Mr Tejas Tagdiwala, Proprietor for M/s Tej Innovative Products, says, "The customer should have a certain level of awareness to browse the online media." An organisation must know its customers and its style of operations to judge how much of an online presence it needs. Take the example of Career Launcher, an education service provider offering education and testing to students. Says Mr Gautam Puri, Vice Chairman and co-founder, Career Launcher, "A large segment of our customers is net-savvy. Students can enroll online, do test sessions, attend lectures and interact with faculty via VoIP." Although the firm has offline centres, and 65-70% of the delivery is offline, they are looking to expand their online offerings until the offline services are just a support for their online operations.

Whereas Mr Tagdiwala says, "We are into very specification-based chemical products. Unlike consumer products and FMCGs, we cannot sell our products online." B2B marketplaces, however, provide a platform for such firms, helping them attract their specific customers. This is true for many SMEs who provide a limited and specific range of products, and also customise products according to the needs of the customer. Some manufacturers of generic products feel that a listing on an online marketplace is sufficient to generate the demand the company can sustain; greater visibility might generate more demand than the company can handle. "Looking at the capacity of our

operations - it's a small, family-run business - we can only expand to a limited extent", says Mr Sethna.

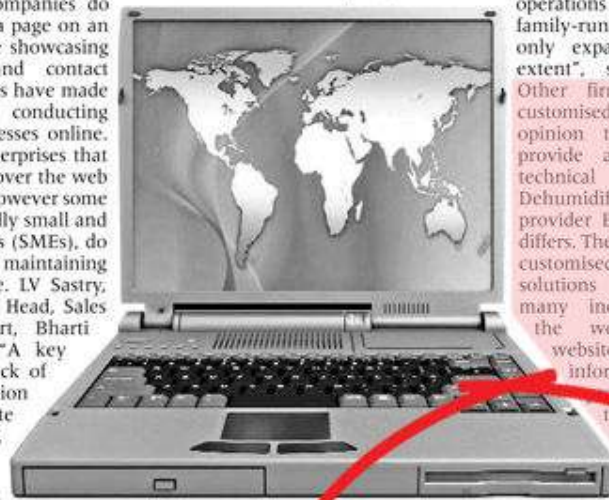
Other firms who provide customised products are of the opinion that they cannot provide all the necessary technical details online. Dehumidification solutions provider BRY-AIR, however, differs. The company provides customised dehumidification solutions for customers in many industries all over the world, and their website provides detailed information on all their products. Although the customers have to contact the company in order to obtain price quotes, the information provided on the site has proved useful to the customers and the company alike. Says Ms Sonali Dutta, Vice President, Corporate Affairs, BRY-AIR, "The detailed information available online has made customer requests more specific. Customers browse through the case studies and products on the site and suggest the appropriate solutions themselves."

For many, having a website and advertising online saves money spent on conventional advertising, and can also help owners streamline their workforce. "Earlier, we used industry-specific print media to advertise, but the turnaround time for online advertising is much faster", says Mr Tagdiwala.

A website is the online face of the company and offers significant branding value for a firm. It increases the customers' trust and the brand value of the firm. "A website will let customers know that your company is authentic", says Mr Sethna. For smaller companies, a well-designed website can give them the impression of a much larger company, raising the competitive advantage. "A strong online presence gives the speed required to compete effectively with larger companies for the same business. An online presence also can bring down costs, especially marketing and transactions costs, and hence offers more value for money," says Mr Sastry. "A website can become a platform for a company and customers to interact, minimising office space and overheads," says Geetika Bhojak, Training Consultant, Sinesse Incorporated.

As Mr Sastry puts it, "It is important that SMEs do not lag behind; an online presence will soon become a must-have rather than a nice-to-have tool in a world of e-commerce. It is the fastest and cheapest way to communicate and spread information about the company."

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