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## Marketing Practices in SMEs. Case Study: Romania vs. Malta

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### Abstract

This paper aims to analyse the marketing practices embraced by SMEs managers to fulfil their organisation objectives in terms of profit. Based on a literature review, qualitative interviews and a quantitative research based on questionnaires implemented on Romanian and Maltese SMEs, we have acquired a broad image of the marketing practices used within these organisations. The primary pursued objective of the paper is to determine if the size of a SME (in terms of turnover and employee number), influences the marketing process. Moreover, the results of the case study (Romanian vs. Maltese SMEs) outline that SMEs managers, more or less, set short term marketing objectives based on “entrepreneurial instinct” or conjuncture, to overcome threats or to transform opportunities in short term profit. Thus, the study results represent a starting point for developing processes to help SMEs managers make a better use of the marketing orientation concept, in order to create long term business plans.

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### 1. Introduction

Proper marketing activities determine a good unfolding of the sales force efforts for the company’s present and future. The difference between sales and marketing orientation is subtle and sometimes hard to notice. SMEs managers have to be aware of the difference between occasionally successes generated by increased sales efforts and to take advantage of emerged opportunities, with the help of strategic marketing planning for a long term stable growth.

It’s obvious that without successful sells a company will not be able to continue its activity. Equally obvious is that without undertaking a relevant marketing activity planning, both for short term (sales oriented), medium and long-term (oriented towards meeting consumer needs and desires), SMEs managers will not be able to adapt to internal and external environment changes in their specific field of activity.

Hill (2001) made references about the intuitive nature of SMEs based upon specific situations and the implementation of marketing activities, without a pre-planning activity. Moreover Marcati et al. (2008) suggests that these actions are evaluated subjectively based on the manager’s perceptions, conjuncture or mental marketing schemes. Moreover, four study cases conducted by Bettiol et al. (2012) show the fact that marketing strategy in SMEs is all SME manager driven and that it is not a result of a systematic search for opportunities or a structured analysis of the relevant market, and it is more a result of a reaction process towards business environment changes. According to Hammond (2001), companies have to adhere to a particular strategy and find new ways to improve it constantly. The marketing strategy also requires a clear understanding of how marketing

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works within a company. Thus, in a classic and broad approach, Kotler (2003) states that the marketing department of the company must perform the following activities:

- pursue the annual marketing plan (check the level of compliance with marketing objectives);
- profitability analysis (detecting areas where profit organization obtains and where losses);
- efficiency analysis (impact of marketing expenditures on tracking performance of the organization);
- strategic control (qualitative evaluation of marketing activities).

Wiig (2004) claims that the business environment is in a continuous development, both in terms of diversity and complexity, and businesses desire to operate on the global competitive market. This requires a clear focus on efficiency and flexibility (both for its external and internal environment).

Both Rust (2004) and Frösen (2008), argue that business performance and marketing performance in particular are both influenced by environment and competition. Clark (2001), argues that the role of marketing in understanding the market's needs and the development of new product concepts, is extremely important to a firm's innovation process. According to Doyle (2000), an organization's ability to achieve or maintain a competitive advantage in a constantly changing environment is the key to the company's economic value growth.

Kourakalis (2005) claims that in an increasingly complex market environment, characterized by dynamism, technological advancement and fierce competition, SMEs are in the central act of exchange and knowledge promotion. Thus they are able to face pressure from the competition through a continuous learning process regarding the acceptance of change and the continuous search of competitive advantage.

Carson (1990) notes the fact that in large companies, marketing decision-making tends to be more formal and more structured, while in SMEs, processes tend to be simple, informal, instinctive and different from the theoretical paradigms developed in literature. Moreover, Gellynck et al. (2012) argue that SMEs lack in organising marketing activities, namely planning and implementation, and moreover SMEs manager do not take into consideration long-term marketing perspectives, neither adapt the plan and especially the budget to market changes.

Nevertheless, the empirical evidence of two case studies regarding marketing in SMEs, conducted by Franco et al. (2014) show that the importance of marketing activities is recognized, but it differs from a company size to another.

## 2. Research objective, data collection, research hypothesis

### 2.1. Research objective

Starting from the assumption that SME managers have their own perception regarding the size of their business and usually have a tendency to reject marketing optics dictates that they do not engage in strategic marketing planning activities, to the same extent in which managers of large enterprises get involved.

Therefore the question arises whether SME managers are influenced or not by their financial and human resources to initiate marketing activities for a competitive advantage.

Thus the research objective is to investigate the adoption and implementation of marketing practices in SMEs and the implications on their financial and human resources in this process. To accomplish the research objective, the authors have created four investigation directions for observing the influence of turnover and number of employees upon:

- The existence of a marketing activity responsible;
- Creating marketing plans;
- Strategic marketing planning;
- Marketing budget allocation.

### 2.2. Data collection

The necessary data for the study has been collected using an online survey. The questionnaire has been built upon structured questions with predetermined response options, which has ensured an easy and relative quick data gathering. Structured questions have the advantage to determine answers which are easy to be processed statistically. Additionally, the respondent may be brought to the same reference structure as the researchers involved in the study.

Following the analysis carried out by Euro Stat and The World Factbook for the period 2012-2013, the authors observed that both countries possess developing countries characteristics, making them eligible for the comparison study.

The aim of the study is oriented towards SMEs managers from Romania and Malta. A non-probabilistic sampling method was used to create databases and to send online invitations to participate in the comparative study.

To ensure the representativeness of the study (knowing the approximate number of active Romanian and Maltese SMEs in 2013), for an error margin of 5% and a confidence level of 95%, we have calculated with the help of an online application (<http://www.raosoft.com/samplesize.html>) the research sample needed for the comparative study, resulting a number of 381 needed SMEs responses. Table 1 shows the number of responses obtained (valid for the research) and the respondent's characteristics which determine the legal size of the SMEs.

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