



## **MARKETING AND SMES: CAN AN ORGANIZATION OF ANY SIZE USE MARKETING PLANS?**

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This paper is provoked from the ongoing condition of under – or misuse of marketing in SME, regarding the poor understanding of the benefits of marketing planning and the fact that marketing is often seen as a function of the business, rather than as its guiding philosophy. The research does not state that business success is not impossible in the absence of marketing planning, but it does argue that marketing plans can effectively and efficiently be used in SMEs as well as in large companies and that marketing planning is positively associated with companies’ performance...

**Keywords:** Marketing planning, SME, Company performance, FMCG

### **Introduction**

The process of adapting and decision - making as a way of managing the links between the business and the “environment” can be referred to as marketing planning. Marketing planning through its key components: analysis, objectives, strategy, actions, and measurement, can help SMEs in the process of selecting a target market, identifying sources of competitive advantage, get resources needed to invest in and build the business, measure, control and revise performance etc.

### **Literature Review**

According to Naidish (1988) and Langley (1988) the success of strategic planning in general, depends on the willingness and ability of senior managers to conceptualize strategy and make appropriate strategic decisions. Lindsay and Rue (1980) argue that firms in more complex environments are more likely to use formal planning. Oakey (1991) found that within the small firm, the boundary between marketing and selling becomes very blurred, as most small firms’ marketing takes place during the selling process and for many small firm owner/managers the perception is that selling is marketing. Carson (1990) studied 68 four-year-old small firms and concluded that marketing planning in small firms differs from that of large firms because of limited resources, insufficient specialist expertise, and limited impacts on the marketplace. Kraus et. al. (2008) found that there is a relationship between formal strategic planning and small and new enterprise survival and success.

## Research Methodology

This paper is created to accentuate and promote the importance of marketing planning as a tool for developing the market competitiveness not only for large enterprises, but for SMEs as well. Based on the previous literature review, the research was founded on three primary hypotheses:

1. Formal marketing planning is present mostly in large companies;
2. Small companies avoid marketing planning due to internal factors (mostly lack of skills);
3. Continuous marketing planning has significant correlation with profitability.

The data used in this paper was obtained from both primary and secondary research. The analysis of the data was executed with the help of IBM SPSS 19.

## Marketing Planning Process in Confectionery Companies in Macedonia

The confectionery industry in general is characterized with violated market and business conditions, mostly due to the strong competition, highly diversified products and small or insignificant market growth. In this business, every company regardless the size, is forced to compete for every consumer. Therefore, forward planning of the marketing effort is essential for a complete process from objectives and goal setting to controlling the activities of the company on the market. It is up to the company to “either find a way, or make one”.

The reliability of the test is proven with the Cronbach's Alpha value of 0.902. The cross tabulation of descriptive statistics shows the number of interviewed companies by size and profitability (Table 1). The average profitability for 2010 is 5.63 or moderately poor.

**Table 1.** Profitability t\_2010 \* Company's size Crosstabulation

		Company's size				Total	%
		Micro	Small	Medium - sized	Large		
Profitability t_2010	Poor	1	2	0	0	3	15.8
	Moderately poor	0	2	2	1	5	26.3
	Moderately good	1	0	4	1	6	31.6
	Very good	0	0	1	2	3	15.8
	Extremely good	0	0	0	2	2	10.5
Total		2	4	7	6	19	100
Percent		10.5	21.1	36.8	31.6	100.0	

Only 26% of the companies rarely i.e. occasionally practice a continuous preparation of a written marketing plan and 15.8% never engage in the process of formal marketing planning (Table 2). The development of the marketing tactics is also on a low level. It can be noted that by size, companies that use formal marketing planning are mostly large (3 out of 4), while micro and small companies use it rarely or never. This finding supports hypothesis 1: Formal marketing planning is present mostly in large companies.

**Table 2.** Formal marketing planning by company’s size.

Count		Company’s size				Total	Percent
		Micro	Small	Medium-sized	Large		
Formal marketing planning	Never	0	4	0	0	4	21.1
	Rarely	1	0	3	1	5	26.3
	Occasionally	1	0	2	2	5	26.3
	Frequently	0	0	1	3	4	21.1
	Always	0	0	1	0	1	5.3
Total		2	4	7	6	19	100.0

Apropos the reasons for not using formal marketing planning (Table 3), generally owners/managers of micro and small companies who rarely or never use formal marketing planning, strongly agree (50%) and agree (30%) that lack of time is one of the main causes of that situation. Lack of qualified staff has also been identified as one of the main reasons – 50% agree and 30% strongly agree. 70% of them are not sure if they trust in the positive outcome from the written marketing plan, 50% agree that planning is possible without written plans, and 50% are not sure if the plan is only good in theory or in practice as well. These facts are in favor of acceptance of hypothesis 2: Small companies avoid marketing planning due to internal factors.

**Table 3.** Reasons for not implementing formal marketing planning by company’s size.

Count		Company’s size				Total	Percent	Percent when “n/a” is excluded
		Micro	Small	Medium-sized	Large			
Lack of time	n/a <sup>1</sup>	0	0	4	5	9	47.4	-
	Disagree	0	0	0	1	1	5.3	10
	Undecided	0	1	0	0	1	5.3	10
	Agree	1	1	1	0	3	15.8	30
	Strongly Agree	1	2	2	0	5	26.3	50
Total		2	4	7	6	19	100.0	100.0
Lack of qualified staff	n/a	0	0	4	5	9	47.4	-
	Disagree	0	0	0	1	1	5.3	10
	Undecided	0	1	0	0	1	5.3	10
	Agree	1	3	1	0	5	26.3	50
	Strongly Agree	1	0	2	0	3	15.8	30
Total		2	4	7	6	19	100.0	100.0
Distrust in the positive effect	n/a	0	0	4	5	9	47.4	-
	Disagree	1	0	0	1	2	10.5	20
	Undecided	1	3	3	0	7	36.8	70
	Agree	0	1	0	0	1	5.3	10
Total		2	4	7	6	19	100.0	100.0

<sup>1</sup> The companies which have answered that they use formal marketing planning occasionally, frequently or always do not answer this question. “n/a” stands for “no answer”.

Planning is possible without written plan	n/a	0	0	4	5	9	47.4	-
	Disagree	0	0	0	1	1	5.3	10
	Undecided	2	1	0	0	3	15.8	30
	Agree	0	2	3	0	5	26.3	50
	Strongly Agree	0	1	0	0	1	5.3	10
Total		2	4	7	6	19	100.0	100.0
Written marketing plan is good in theory, but not in reality	n/a	0	0	4	5	9	47.4	-
	Disagree	1	1	0	1	3	15.8	30
	Undecided	1	1	3	0	5	26.3	50
	Agree	0	2	0	0	2	10.5	20
Total		2	4	7	6	19	100.0	100.0

In relation to the uncertainty of the efficiency of the written marketing plan, the analysis (see Table 4) indicates that there is significant correlation between the continuous preparation of a written marketing plan and profitability on one side, and the detailed planning of marketing tactics and profitability on the other. There is also positive correlation between the continuous preparation of a written marketing plan and the detailed planning of marketing tactics. The statistics support hypothesis 3: Continuous marketing planning has significant correlation with profitability.

**Table 4.** Correlations

		Formal marketing planning	We continuously prepare a written marketing plan	Marketing tactics are planned in detail
Profitability t_2010	Pearson Correlation	.506*	.649**	.572*
	Sig. (2-tailed)	.027	.003	.011
	N	19	19	19
* . Correlation is significant at the 0.05 level (2-tailed).				
** . Correlation is significant at the 0.01 level (2-tailed).				

### Conclusion

As hypothesis 1 and 2 state, the size of the company, along with the internal factors (lack of skills, lack of time, distrust in the process effectiveness etc.) restrict the adoption of formal marketing planning. Therefore, marketing activity within the small firm is related to the owner/manager's attitude to, experience of, and expertise in marketing.

The research has shown that there is significant correlation between profitability and continuous marketing planning, and also marketing planning can act as a coordinating force not only for the managers, but for the other employees as well and help the companies to balance the needs of the stakeholders with the needs of customers. This calls for greater attention toward the process of marketing planning. ...

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